africaAXMINinc

Second Quarter Report **Six months ended June 30, 2004**

AXMIN Inc. (AXM:TSX-V) a gold exploration company, offers dynamic growth with a track-record of finding mines in Africa. AXMIN's management team is committed to creating shareholder value through new gold discoveries within its highly prospective properties across central and west Africa.

SCALE • EXPERIENCE • STRATEGY

AXMIN Inc.

Report to Shareholders

During the second quarter 2004 exploration expenditure was US$1,857,000, contributing to a total of US$3,191,000 during the first half of 2004. Of the exploration expenditure incurred during the first half of 2004 US$1,820,000 related to the Bambari Permits in the Central African Republic.

During the second quarter the AXMIN management team was pleased to see all of the remaining 1,624,499 common share purchase warrants being exercised prior to their expiry on June 30, 2004.

Central African Republic – Initial resource estimate announced

On July 22, 2004 AXMIN announced the first resource estimate from the ongoing drill program at the Passendro project area within the Bambari Permits. The estimate has been prepared by independent consultants, SRK Consulting. Together the French Camp and Katsia prospects are currently estimated to contain an indicated mineral resource of 457,000 ounces at a grade of 3.5 g/t Au and an inferred mineral resource of 143,000 ounces at a grade of 3.4 g/t Au. The inferred resource is located almost entirely at Katsia where drilling is ongoing. In addition, SRK reports that the Main Zone prospect is estimated to contain an inferred mineral resource of 848,000 ounces at a grade of 1.6 g/t Au.

Management is very encouraged by the scale of this first resource estimate from the Passendro project area after only five months of systematic resource drilling. To have defined well over a million ounces in all resource categories in such a short period is a major achievement whilst also handling the logistical issues that come with a rapidly expanding exploration program. The results augur very well for the next stage of the drill program designed to test new targets at Passendro and elsewhere within the Bambari Permits.

The resources at French Camp, Katsia and Main Zone lie within a 3 km radius and are located in the central portion of the 90 km long Bandas greenstone belt, where to date four additional zones of gold in soil anomalies have already been identified. We see this as the first step in demonstrating the multi-million ounce potential of the Bambari Permits. It is anticipated that with the delineation of sufficient resources a pre-feasibility study will commence during 2005. Moreover, the ongoing reconnaissance drilling program at Passendro has already identified gold mineralisation in new prospects the results of which will be announced in due course.

Mali – Results of drill program at Kofi Project Area include high grade intercepts

During the second quarter AXMIN reported the results from a core drilling program at its Kofi Project Area which is operating as a joint venture with a subsidiary of Newmont Mining Corporation. Follow up drilling beneath previously identified shallow gold resources include results of 31 metres at 11.6 g/t Au, 21 metres at 6.1 g/t Au, 4 metres at 11.8 g/t Au and 55 metres at 1.2 g/t Au.

A reconnaissance 12,000 metre reverse circulation drill program has also been completed as part of the initial US$1 million program funded by Newmont.

Burkina Faso - Sale of Bouroum Permit reserves

During the second quarter AXMIN reported completion of a bankable feasibility study on the Bouroum Permit that incorporates the reserves of the Bouroum Permit into the Taparko project of High River Gold Mines Ltd.. As a result AXMIN earned an undivided 65% beneficial interest in the Bouroum Permit from Channel Resources Ltd.. An 8% interest in the Bouroum Permit was purchased by AXMIN from Channel on October 7, 2003. On June 8, 2004 AXMIN proceeded with the purchase of Channel's remaining outstanding 27% interest in the Bouroum Permit for a purchase price of US$445,079. On June 14, 2004 AXMIN sold its 100% interest in the 109,896 ounce Bouroum Permit reserves to a subsidiary of High River Gold for a total consideration of US$3.3 million. In addition AXMIN and High River Gold have established a joint venture that will ensure the continued exploration of AXMIN's permits in Burkina Faso. These transactions are contingent upon and subject to government approvals. The sale agreement with High River Gold covers an area of 11 sq km within the Bouroum Permit. As at the date of this report the issuance of an exploitation permit over the Bouroum Permit reserves is awaited.

The remainder of the Bouroum Permit plus the two adjacent permits Yeou and Ankouma is subject to an exploration joint venture between AXMIN and High River Gold whereby High River Gold may earn 100% interest in the three permits by spending US$1.5 million on exploration over three years, with a minimum of US$381,000 in the first year. AXMIN retains a back-in right up to the time of completion of a feasibility study for a 50% interest in one or all of the permits by paying High River Gold a multiple of 1.5 times its expenditure on the relevant permit(s).

Sierra Leone – Work commences at Nimini East and West properties

During the second quarter work commenced on confirming and, where possible, extending existing targets through follow up sampling and trenching at the Nimini East and West properties where historical drilling includes intersections of 2.5 g/t Au over 40 metres, 4.6 g/t Au over 13.7 metres and 8.6 g/t Au over 5.5 metres. During the fourth quarter AXMIN will take a decision as to whether to exercise its exclusive option to commit to a minimum expenditure of US$500,000 in the first year and be able to earn a 60% interest in the properties by spending US$2.25 million over a three year period. Thereafter the joint venture partner has the right to participate or if it elects not to then AXMIN can earn an additional 20% by producing a Bankable Feasibility Study.

With the ability to continue the increased pace of exploration through 2004, the AXMIN management team is looking forward to building on its previous successes.

On behalf of the Board of Directors

Dr. Jonathan Forster
Chief Executive Officer & Director

August 25, 2004

AXMIN Inc.

Consolidated Balance Sheets

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

As at June 30, 2004 and December 31, 2003	*June 30, 2004* (Unaudited)	*December 31, 2003*
Assets		
Current assets		
Cash and cash equivalents	6,321	8,687
Prepaid expenses and sundry debtors	106	18
Due from related parties *(Note 5)*	174	114
	6,601	8,819
Exploration and development costs *(Note 3)*	15,049	12,265
Other assets	2	-
	21,652	21,084
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	325	538
Accrued liabilities and sundry creditors	786	682
Due to related parties *(Note 5)*	24	39
	1,135	1,259
Shareholders' equity		
Share capital *(Note 4)*	25,805	23,976
Stock options *(Note 4(c))*	520	185
Deficit	(5,808)	(4,336)
	20,517	19,825
	21,652	21,084

See accompanying notes to the consolidated financial statements.

AXMIN Inc.

Consolidated Statements of Operations and Deficit

(All tabular amounts stated in thousands of United States dollars except per share amounts)

	Three months ended June 30, 2004 (Unaudited)	Three months ended June 30, 2003 (Unaudited)	Six months ended June 30, 2004 (Unaudited)	Six months ended June 30, 2003 (Unaudited)
Revenue	-	-	-	-
Expenses				
Administration	275	163	478	326
Write-down of exploration and development costs	407	-	407	-
Stock-based compensation expense *(Note 4(c))*	260	14	335	28
Loss (gain) on foreign exchange	215	8	353	(6)
Taxation	21	-	21	-
	1,178	185	1,594	348
Other income				
Interest income	32	-	82	1
Other	20	-	40	-
	52	-	122	1
Net loss for the period	(1,126)	(185)	(1,472)	(347)
Deficit, beginning of period	(4,682)	(3,788)	(4,336)	(3,626)
Deficit, end of period	(5,808)	(3,973)	(5,808)	(3,973)
Net loss per share (basic and fully diluted)	(0.0107)	(0.0025)	(0.0140)	(0.0047)
Weighted average number of common shares outstanding	105,637,908	73,245,534	105,326,843	73,021,616

See accompanying notes to the consolidated financial statements.

AXMIN Inc.

Consolidated Statements of Cash Flows

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

	Three months ended June 30,		Six months ended June 30,	
	2004 (Unaudited)	*2003* (Unaudited)	*2004* (Unaudited)	*2003* (Unaudited)
Operating activities				
Net loss for the period	(1,126)	(185)	(1,472)	(347)
Write-down of exploration and development costs	407	-	407	-
Stock-based compensation expense	260	14	335	28
Change in working capital	(97)	115	(197)	(70)
Net cash outflow from operating activities	(556)	(56)	(927)	(389)
Investing activities				
Exploration and development costs	(1,857)	(607)	(3,191)	(916)
Other assets	(2)	-	(2)	-
Net cash outflow from investing activities	(1,859)	(607)	(3,193)	(916)
Financing activities				
Issuance of common shares	560	122	1,829	227
Related parties	(48)	478	(75)	466
Net cash inflow from financing activities	512	600	1,754	693
Net cash outflow	(1,903)	(63)	(2,366)	(612)
Cash and cash equivalents, beginning of period	8,224	106	8,687	655
Cash and cash equivalents, end of period	6,321	43	6,321	43

See accompanying notes to the consolidated financial statements.

1. Nature of Operations and Basis of Presentation

AXMIN Inc. (the "Company") is an international mineral exploration company with a substantial exploration portfolio in the mineral belts of central and west Africa. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and development costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition of such properties. In addition the Company will be influenced by a number of factors including environmental risks, and legal and political risks.

The consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. These 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.

2. Significant Accounting Policies

Principles of consolidation

These unaudited interim consolidated financial statements have been prepared following the same accounting principles and methods of application as disclosed in note 2 of the Company's audited financial statements for the year ended December 31, 2003. The unaudited interim consolidated financial statements do not conform in all respects to Canadian generally accepted accounting principles for annual financial statements. Accordingly these unaudited interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements and the accompanying notes included in the 2003 Annual Report. The consolidated financial statements include the accounts of the Company and all of the AXMIN Inc. group's wholly owned subsidiaries (the "Company") which are listed below:

- AXMIN Limited (incorporated in the British Virgin Islands)
- Golden Eagle Mining Limited (incorporated in the Isle of Man)
- Aurafrique S.A.R.L. (incorporated in the Central African Republic)

Comparative figures

Certain comparative figures may have been reclassified to conform to the presentation adopted in the current period.

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

3. Exploration and Development Costs

	Six months ended June 30, 2004 (Unaudited)	*Year ended December 31, 2003*
Balance, beginning of period	12,265	8,921
Additions	3,191	3,427
Write-downs	(407)	(83)
Balance, end of period	15,049	12,265

Included in exploration and development costs are expenditures made by the Company on exploration properties which have been capitalized as follows:

	June 30, 2004 (Unaudited)	*December 31, 2003*
Central African Republic		
Bambari	8,229	6,409
Mali		
Kofi Project Area	2,744	2,741
Satifara	-	212
Burkina Faso		
Bouroum	2,003	1,403
Senegal		
Sonkounkou	1,182	737
Sabodala NW	84	81
Sierra Leone		
Nimini East and West	67	-
Ghana		
Cape Three Points	601	543
Canada		
B-B Lake	139	139
	15,049	12,265

During the six months ended June 30, 2004 the Company reported completion of a bankable feasibility study on the Bouroum Permit in Burkina Faso that incorporates the reserves of the Bouroum Permit into the Taparko project of High River Gold Mines Ltd. (“High River Gold”). As a result the Company earned an undivided 65% beneficial interest in the Bouroum Permit from Channel Resources Ltd. (“Channel”). An 8% interest in the Bouroum Permit was purchased by the Company from Channel on October 7, 2003.

On June 8, 2004 the Company proceeded with the purchase of Channel's remaining outstanding 27% interest in the Bouroum Permit for a purchase price of US$445,079, which purchase price was calculated according to the Heads of Agreement dated May 3, 2002 between the Company and Channel and is based on the average price of gold for the previous 30 days of US$406 per ounce, which provides for a purchase price of US$15 per ounce of reserves. This price is applied to 27% of the reserve figure of 109,896 ounces, which equates to 29,671.9 ounces and thus the sum payable to Channel is US$445,079.

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

On June 14, 2004 the Company sold its 100% interest in the 109,896 ounce Bouroum Permit reserves to a subsidiary of High River Gold for a total consideration of US$3.3 million. In addition the Company and High River Gold have established a joint venture that will ensure the continued exploration of the Company's permits in Burkina Faso. These transactions are contingent upon and subject to government approvals. The sale agreement with High River Gold covers an area of 11 sq km within the Bouroum Permit. As at the date of this report the issuance of an exploitation permit over the Bouroum Permit reserves is awaited.

The remainder of the Bouroum Permit plus the two adjacent permits Yeou and Ankouma is subject to an exploration joint venture between the Company and High River Gold whereby High River Gold may earn 100% interest in the three permits by spending US$1.5 million on exploration over three years, with a minimum of US$381,000 in the first year. The Company retains a back-in right up to the time of completion of a feasibility study for a 50% interest in one or all of the permits by paying High River Gold a multiple of 1.5 times its expenditure on the relevant permit(s).

4. Share Capital

(a) *Authorized share capital*

Unlimited number of common shares and class 'A' shares.

(b) *Issued share capital*

Common shares	*Number of common shares* (Unaudited)	*Amount* (Unaudited)
Balance as at January 1, 2004	101,810,809	23,976
Exercise of common share purchase warrants	4,942,499	1,660
Exercise of compensation options	133,988	53
Exercise of compensation common share purchase warrants	350,858	120
Cost of share offerings	-	(4)
Balance as at June 30, 2004	107,238,154	25,805

During the six months to June 30, 2004 2,928,000 common share purchase warrants expiring on January 10, 2004 were exercised at Cdn$0.45 each, for total proceeds of Cdn$1,317,600, and as a result the Company issued 2,928,000 common shares of the Company to the common share purchase warrant holders.

During the six months to June 30, 2004 2,014,499 common share purchase warrants expiring on June 30, 2004 were exercised at Cdn$0.45 each, for total proceeds of Cdn$906,525, and as a result the Company issued 2,014,499 common shares of the Company to the common share purchase warrant holders.

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

During the six months to June 30, 2004 62,113 compensation options expiring on January 12, 2004 were exercised at Cdn$0.35 each, for total proceeds of Cdn$21,740, and as a result the Company issued 62,113 common shares of the Company to the compensation option holder.

During the six months to June 30, 2004 71,875 compensation options expiring on November 12, 2004 were exercised at Cdn$0.70 each, for total proceeds of Cdn$50,313, and as a result the Company issued 71,875 common shares of the Company to the compensation option holder.

During the six months to June 30, 2004 350,858 compensation common share purchase warrants expiring on January 12, 2004 were exercised at Cdn$0.45 each, for total proceeds of Cdn$157,886, and as a result the Company issued 350,858 common shares of the Company to the compensation common share purchase warrant holders.

(c) *Stock options*

The Company has an incentive stock option plan which governs the granting and exercise of stock options issued to directors, officers and employees of the Company, and consultants to the Company. During the period, the following transactions took place:

Number of stock options	*Six months ended June 30, 2004* (Unaudited)	*Year ended December 31, 2003*
Outstanding, beginning of period	5,690,000	4,485,000
Granted	-	2,565,000
Exercised	-	(367,500)
Expired or not vested	-	(992,500)
Outstanding, end of period	5,690,000	5,690,000
Exercisable, end of period	4,303,333	3,685,000

Pursuant to the Company's incentive stock option plan the number of common shares reserved from time to time for issuance shall not exceed 7,369,862 common shares.

As at June 30, 2004 the Company had on issue and outstanding stock options for:
(i) 3,425,000 common shares of the Company exercisable at Cdn$0.32 each expiring on January 17, 2007;
(ii) 625,000 common shares of the Company exercisable at Cdn$0.34 each expiring on January 17, 2007; and
(iii) 1,640,000 common shares of the Company exercisable at Cdn$1.00 each expiring on December 18, 2008.

Effective January 1, 2003 the Company recognizes compensation expense when stock options are granted. For the year ended December 31, 2002 the Company did not recognize compensation expense for stock options granted to employees. Had compensation expense for stock options granted to employees during the year ended

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

December 31, 2002 under the Company's stock option plan been determined based on the fair value at the grant dates consistent with the fair value based method of accounting for stock-based compensation, the Company's net loss and net loss per share would have changed to the pro forma amounts indicated below:

	Six months ended June 30, 2004 (Unaudited)	*Six months ended June 30, 2003* (Unaudited)
Net loss for the period, as reported	(1,472)	(347)
Stock-based compensation expense	-	(236)
Pro forma net loss for the period	(1,472)	(583)
Pro forma net loss per share	(0.0140)	(0.0080)

The fair value of options granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 3.96%, expected dividend yield of nil, expected volatility of 133.6%, and expected option life of 3 years. For purposes of the pro forma disclosure, the estimated fair value of the options is expensed over the options' vesting periods. The weighted average fair market value of options granted in 2003 was US$0.3914 (2002 - US$0.1678). No stock options were granted during the six months ended June 30, 2004.

Of the stock options granted during the year ended December 31, 2002 500,000 were granted to non-employees. An expense of US$27,952 relating to these stock options has been included in the consolidated statements of operations and deficit for the six months ended June 30, 2003. The full impact of the expense relating to all stock options granted (both to employees and non-employees) during the year ended December 31, 2003, being US$101,734, was recognized in consolidated statements of operations and deficit for the three months ended December 31, 2003.

For the six months ended June 30, 2004 the full impact of the expense relating to all stock options granted (both to employees and non-employees) has been included in the consolidated statements of operations and deficit.

The cumulative stock-based compensation expense is as follows:

Stock options	*Six months ended June 30, 2004* (Unaudited)	*Year ended December 31, 2003*
Balance, beginning of period	185	53
Stock-based compensation expense	335	132
Balance, end of period	520	185

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

(d) *Common share purchase warrants*

Number of common share purchase warrants	*Six months ended June 30, 2004* (Unaudited)	*Year ended December 31, 2003*
Outstanding, beginning of period	12,442,498	8,414,999
Issued	-	7,666,665
Exercised	(4,942,499)	(3,639,166)
Outstanding, end of period	7,499,999	12,442,498

As at June 30, 2004 the Company had on issue and outstanding common share purchase warrants for 7,499,999 common shares of the Company exercisable at Cdn$1.00 each expiring on November 12, 2004.

(e) *Compensation options*

Number of compensation options including attached common share purchase warrants	*Six months ended June 30, 2004* (Unaudited)	*Year ended December 31, 2003*
Outstanding, beginning of period	912,971	2,412,300
Issued, exercisable at Cdn$0.70 each	-	500,000
Exercised, at Cdn$0.25 each	-	(686,820)
Exercised, at Cdn$0.35 each	(62,113)	(571,687)
Exercised, attached common share purchase warrants at Cdn$0.45 each	(350,858)	(282,942)
Exercised, at Cdn$0.70 each	(71,875)	-
Expired, exercisable at Cdn$0.25 each	-	(457,880)
Outstanding, end of period	428,125	912,971

As at June 31, 2004 the Company had on issue and outstanding compensation options for 428,125 compensation options. Each compensation option entitles the holder to purchase one common share of the Company at a price of Cdn$0.70 expiring on November 12, 2004.

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

5. Related Parties

The Company's balances with related parties as at the balance sheet dates are summarized below:

	Footnote	*June 30, 2004* (Unaudited)	*December 31, 2003*
Due from SAMAX Services Limited	(a)	-	1
Due from Carpathian Gold Limited	(b)	16	13
Due from Mali: Kofi Project Area joint venture	(c)	158	100
Due from related parties		174	114
Due to SAMAX Services Limited	(a)	24	-
Due to Fasken Martineau DuMoulin LLP	(d)	-	39
Due to related parties		24	39

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

	Footnote	*Six months ended June 30, 2004* (Unaudited)	*Six months ended June 30, 2003* (Unaudited)
Administration (services)	(a)	67	60
Administration (recharges)	(b)	(16)	(17)
Other income (management fees)	(c)	40	-
Administration (recharges)	(c)	(112)	-
Administration (legal fees)	(d)	2	13

(a) Balances with SAMAX Services Limited ("SSL"), a company of which Michael Martineau and Jonathan Forster, both directors and officers of the Company, were shareholders until August 31, 2001, represent amounts advanced by the Company to fund its activities managed by SSL. Administration services provided by SSL comprise exploration, administrative and financial services. As at December 31, 2002 the balance due to the Company prior to making a provision was US$136,450. This balance may be irrecoverable in full or in part and accordingly a full provision against this balance was included in the consolidated statement of operations and deficit for the year ended December 31, 2002. As at June 30, 2004, net of the 2002 provision, the balance due to SSL was US$24,341. As at December 31, 2003, net of the 2002 provision, the balance due from SSL was US$1,386.

(b) Balances with Carpathian Gold Limited ("CGL") represent recharges of expenses owing to and services provided by the Company including the provision of the services of Jonathan Forster, a director and officer of the Company, and Craig Banfield, an officer of the Company, in accordance with their employment contracts. Jonathan Forster and Craig Banfield are shareholders, and a director and an officer respectively of Carpathian Gold Inc. (“CGI”), the parent company of CGL. In addition Michael Ebsary, a director of the Company, is a director of CGI and Michael Martineau, a director and officer of the Company, is a shareholder of CGI. CGI’s major shareholder is Mavinaur LLP, a limited liability partnership of which Peter Lehner (a former director of the Company, retired November 29, 2002) is the principal partner. Mr. Lehner is the chairman and a director of CGI. Addax Mining & Metals Limited, the Company’s major shareholder, is a shareholder of CGI.

(c) Balances with the Mali: Kofi Project Area joint venture represent recharges of expenses owing to and services provided by the Company. The Company renders charges to the Mali: Kofi Project Area joint venture as a percentage of expenditures under management. The Mali: Kofi Project Area joint venture is being funded by a subsidiary of Newmont Mining Corporation.

(d) Legal services provided by Fasken Martineau DuMoulin LLP, a law firm to which Robert Shirriff, a director of the Company, is counsel. In addition to the value of transactions included in the determination of results of operations for the period Fasken Martineau DuMoulin LLP provided legal services in connection with share offerings made by the Company at a cost of US$4,077 (2003 - US$2,288). Fees relating to such transactions have been charged against the gross proceeds of the related share offerings.

AXMIN Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

AXMIN Inc. ("AXMIN", the "Company") is an international mineral exploration company with a substantial exploration portfolio in the mineral belts of central and west Africa. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. To date the Company has raised funds to explore its mineral properties through the issuance of shares. In the foreseeable future the Company will remain dependent on the issuance of further shares to raise funds to explore its properties. In addition the Company will be influenced by a number of factors including environmental risks, and legal and political risks.

The costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related project are reclassified as mining assets and amortized on a unit of production method. If it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated life of the property, or the project is sold or abandoned, the project is written down to its net realizable value.

The recoverability of amounts recorded for exploration and development costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition of such properties. The amounts shown as exploration and development costs do not necessarily represent present or future values.

As at June 30, 2004 the Company had capitalized US$15.049 million of exploration and development costs. The comparative figure as at December 31, 2003 was US$12.265 million.

Effective January 1, 2002, the Company adopted the recommendations issued by The Canadian Institute of Chartered Accountants dealing with stock-based compensation.

For the year ended December 31, 2002, the Company elected not to recognize compensation expense when stock options were issued to employees; however, pro forma disclosure of the net loss and net loss per share is provided as if these awards were accounted for using the fair value method.

Starting January 1, 2003, the Company has chosen the prospective application of the new requirements, according to which the fair value based method is applied to awards granted, modified or settled on or after January 1, 2003. Under this method, compensation expense for stock options granted is measured at fair value at the grant date using the Black-Scholes valuation model and recognized in the income statement over the vesting period of the options granted.

Any consideration paid upon the exercise of stock options or purchase of shares is credited to share capital.

Results of Operations

The following tables set out selected unaudited consolidated financial information for the Company for the first and second financial quarters in 2004, for each of the financial quarters in 2003, and for the third and fourth financial quarters in 2002.

All amounts stated in thousands of United States dollars, except per share amounts	*2004* *1st quarter*	*2004* *2nd quarter*
Consolidated statements of operations and deficit		
Net loss for the period	(346)	(1,126)
Net loss per share	(0.0033)	(0.0107)
Consolidated balance sheets		
Working capital surplus	7,224	5,466
Total assets	22,012	21,652
Consolidated statements of cash flows		
Exploration and development costs outflow	(1,334)	(1,857)
Net cash inflow from financing activities	1,242	512

All amounts stated in thousands of United States dollars, except per share amounts	*2003* *1st quarter*	*2003* *2nd quarter*	*2003* *3rd quarter*	*2003* *4th quarter*
Consolidated statements of operations and deficit				
Net loss for the period	(162)	(185)	(216)	(147)
Net loss per share	(0.0022)	(0.0025)	(0.0030)	(0.0015)
Consolidated balance sheets				
Working capital (deficit) surplus	(3)	(659)	(1,407)	7,560
Total assets	9,360	9,964	11,184	21,084
Consolidated statements of cash flows				
Exploration and development costs outflow	(309)	(607)	(610)	(1,901)
Net cash inflow from financing activities	93	600	1,554	10,996

All amounts stated in thousands of United States dollars, except per share amounts	*2002 3rd quarter*	*2002 4th quarter*
Consolidated statements of operations and deficit		
Net loss for the period	(154)	(907)
Net loss per share	(0.0022)	(0.0138)
Consolidated balance sheets		
Working capital surplus	467	349
Total assets	9,608	9,592
Consolidated statements of cash flows		
Exploration and development costs outflow	(581)	(554)
Net cash inflow from financing activities	1,158	794

The current policy of the Company is not to pay dividends. Earnings, if any, will initially be retained to finance further exploration, development and acquisitions. This policy is reviewed from time to time by the board of directors of the Company.

Effective January 1, 2003 the Company recognizes compensation expense when stock options are granted. For the year ended December 31, 2002 the Company did not recognize compensation expense for stock options granted to employees. Had compensation expense for stock options granted to employees during the year ended December 31, 2002 under the Company's stock option plan been determined based on the fair value at the grant dates consistent with the fair value based method of accounting for stock-based compensation, the Company's net loss and net loss per share would have changed to the pro forma amounts indicated below:

All amounts stated in thousands of United States dollars, except per share amounts	*Six months ended June 30, 2004* (Unaudited)	*Six months ended June 30, 2003* (Unaudited)
Net loss for the period, as reported	(1,472)	(347)
Stock-based compensation expense	-	(236)
Pro forma net loss for the period	(1,472)	(583)
Pro forma net loss per share	(0.0140)	(0.0080)

All amounts stated in thousands of United States dollars, except per share amounts	*Year ended December 31, 2003*	*Year ended December 31, 2002*
Net loss for the year, as reported	(710)	(1,632)
Stock-based compensation expense	(228)	(388)
Pro forma net loss for the year	(938)	(2,020)
Pro forma net loss per share	(0.0122)	(0.0312)

The fair value of options granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 3.96% (2002 - 3.80%), expected dividend yield of nil, expected volatility of 133.6% (2002 - 159.2%), and expected option life of 3 years. For purposes of the pro forma disclosure, the estimated fair value of the options is expensed over the options' vesting periods. The weighted average fair market value of options granted in 2003 was US$0.3914 (2002 - US$0.1678). No stock options were granted during the six months ended June 30, 2004.

Of the stock options granted during the year ended December 31, 2002 500,000 were granted to non-employees. An expense of US$27,952 relating to these stock options has been included in the consolidated statements of operations and deficit for the six months ended June 30, 2003. The full impact of the expense relating to all stock options granted (both to employees and non-employees) during the year ended December 31, 2003, being US$101,734, was recognized in consolidated statements of operations and deficit for the fourth financial quarter and three months ended December 31, 2003.

For the six months ended June 30, 2004 the full impact of the expense relating to all stock options granted (both to employees and non-employees) has been included in the consolidated statements of operations and deficit.

The cumulative stock-based compensation expense is as follows:

Stock options	*Six months ended June 30, 2004* (Unaudited)	*Year ended December 31, 2003*
Balance, beginning of period	185	53
Stock-based compensation expense	335	132
Balance, end of period	520	185

Six months ended June 30, 2004 compared to the six months ended June 30, 2003

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

A period-end review of the carrying values of the Company's exploration and development property assets led to a write-down of US$0.407 million in 2004 compared to US$Nil in 2003. The write-down of exploration and development costs reflects the Company's policy of continually assessing the economic viability of its projects and where necessary writing them down to their net realizable value.

Administration costs in 2004 were US$0.478 million compared to US$0.326 million in 2003. The increased administration costs are the result of the Company's expansion to support its increased level of exploration and development activities.

During 2002 the Company adopted the recommendations issued by The Canadian Institute of Chartered Accountants dealing with stock-based compensation. The stock-based compensation expense in 2004 was US$0.335 million compared to US$0.028 million in 2003. The increased stock-based compensation expense is a function of having recognized in 2004 the compensation expense for all stock options granted whereas during the first and second financial quarters 2003 this only applied to stock options granted to non-employees.

The net loss for operations in 2004 was US$1.472 million as compared to US$0.347 million in 2003.

Liquidity and Capital Resources

As at June 30, 2004 the Company had cash resources of US$6.321 million compared to the December 31, 2003 balance of US$8.687 million. During the six months ended June 30, 2004 the Company raised US$1.829 million through the issuance of shares for cash. The Company's cash resources were utilized mainly on capitalized exploration and development costs, and administration costs.

As at June 30, 2004 the Company had a surplus of working capital (defined as the difference between current assets and current liabilities) which amounted to US$5.466 million compared to the December 31, 2003 surplus of US$7.560 million.

Hedging and Derivative Instruments

Since at this stage the Company has no economically recoverable reserves in production the decision has been made that it is inappropriate for the Company to have any hedging or derivative activities.

Related Parties

The Company's balances with related parties as at the balance sheet dates are summarized below:

	Footnote	*June 30, 2004* (Unaudited)	*December 31, 2003*
Due from SAMAX Services Limited	(a)	-	1
Due from Carpathian Gold Limited	(b)	16	13
Due from Mali: Kofi Project Area joint venture	(c)	158	100
Due from related parties		174	114
Due to SAMAX Services Limited	(a)	24	-
Due to Fasken Martineau DuMoulin LLP	(d)	-	39
Due to related parties		24	39

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

	Footnote	*Six months ended June 30, 2004* (Unaudited)	*Six months ended June 30, 2003* (Unaudited)
Administration (services)	(a)	67	60
Administration (recharges)	(b)	(16)	(17)
Other income (management fees)	(c)	40	-
Administration (recharges)	(c)	(112)	-
Administration (legal fees)	(d)	2	13

(a) Balances with SAMAX Services Limited ("SSL"), a company of which Michael Martineau and Jonathan Forster, both directors and officers of the Company, were shareholders until August 31, 2001, represent amounts advanced by the Company to fund its activities managed by SSL. Administration services provided by SSL comprise exploration, administrative and financial services. As at December 31, 2002 the balance due to the Company prior to making a provision was US$136,450. This balance may be irrecoverable in full or in part and accordingly a full provision against this balance was included in the consolidated statement of operations and deficit for the year ended December 31, 2002. As at June 30, 2004, net of the 2002 provision, the balance due to SSL was US$24,341. As at December 31, 2003, net of the 2002 provision, the balance due from SSL was US$1,386.

(b) Balances with Carpathian Gold Limited ("CGL") represent recharges of expenses owing to and services provided by the Company including the provision of the services of Jonathan Forster, a director and officer of the Company, and Craig Banfield, an officer of the Company, in accordance with their employment contracts. Jonathan Forster and Craig Banfield are shareholders, and a director and an officer respectively of Carpathian Gold Inc. ("CGI"), the parent company of CGL. In addition Michael Ebsary, a director of the Company, is a director of CGI and Michael Martineau, a director and officer of the Company, is a shareholder of CGI. CGI's major shareholder is Mavinaur LLP, a limited liability partnership of which Peter Lehner (a former director of the Company, retired November 29, 2002) is the principal partner. Mr. Lehner is the chairman and a director of CGI. Addax Mining & Metals Limited, the Company's major shareholder, is a shareholder of CGI.

(c) Balances with the Mali: Kofi Project Area joint venture represent recharges of expenses owing to and services provided by the Company. The Company renders charges to the Mali: Kofi Project Area joint venture as a percentage of expenditures under management. The Mali: Kofi Project Area joint venture is being funded by a subsidiary of Newmont Mining Corporation.

(d) Legal services provided by Fasken Martineau DuMoulin LLP, a law firm to which Robert Shirriff, a director of the Company, is counsel. In addition to the value of transactions included in the determination of results of operations for the period Fasken Martineau DuMoulin LLP provided legal services in connection with share offerings made by the Company at a cost of US$4,077 (2003 - US$2,288). Fees relating to such transactions have been charged against the gross proceeds of the related share offerings.

Risks and Uncertainties

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

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.

No production revenues; history of losses

To date, the Company has not recorded any revenues from its 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 needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

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

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

Nature of mineral exploration

Most of the properties in which AXMIN has an interest are in the exploration stage only and apart from the Bouroum-Taparko feasibility study none of these properties contain a known body of commercial ore. AXMIN currently operates at a loss. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the proposed exploration programs on the properties in which AXMIN has an interest will result in a profitable commercial mining operation.

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

Whether a gold 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.

Additional funding requirements

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

Political risk

AXMIN currently conducts its exploration activities in the African countries of the Central African Republic ("CAR"), Burkina Faso, Mali, Senegal, Sierra Leone and Ghana. There is no assurance that future political and economic conditions in these countries will not result in their 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.

Contractual arrangements

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

Gold prices

The price of gold has fluctuated widely. The future direction of the price of gold will depend on numerous factors beyond AXMIN's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of gold, and therefore on the economic viability of AXMIN's properties, cannot accurately be predicted. As AXMIN is only at the exploration stage, it is not yet possible for AXMIN to adopt specific strategies for controlling the impact of fluctuations in the price of gold.

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 and also in the currencies of the CAR, Burkina Faso, Mali, Senegal, Sierra Leone and Ghana. There is no guarantee that these other currencies will be convertible into Canadian and United States dollars in the future. AXMIN currently does not undertake hedging activities.

Title matters

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

Conflict of interest

Certain of the directors of AXMIN 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. In the event that any such conflict of interest arises, a director who has such a conflict will disclose the conflict to a meeting of the directors of AXMIN and will abstain from voting for or against the approval of such a participation or such terms. In appropriate cases AXMIN will establish a special committee of independent directors to review a matter in which several directors or management may have a conflict. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties allowing their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the arrangement. In accordance with the laws of Canada, the directors of AXMIN are required to act honestly, in good faith and in the best interest of AXMIN. No conflict of interest currently exists with any of AXMIN's directors.

Repatriation of earnings

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

Management; dependence on key personnel

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

Environmental risk

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 can be no assurance that future changes to environmental regulation, if any, will not adversely affect AXMIN's operations. Environmental hazards may exist on the properties in which AXMIN holds interests that have been caused by previous or existing owners or operators.

Enforceability of civil liabilities

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

Concentration of share ownership

As at the date of this report, Addax Mining & Metals Limited, a wholly owned subsidiary of The Addax & Oryx Group Limited, holds 45.30% of the common shares issued by the Company. Addax Mining & Metals Limited is therefore able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions.

Liquidity; dilution

The public trading market for the Company's common shares (which are listed on the TSX Venture Exchange) is not an active one. There can be no assurance that an active public trading market will develop in the future. Various factors including AXMIN's and its competitors exploration results and general economic conditions could cause significant fluctuations in the price and volume of trading of the Company's common shares. Holders of AXMIN shares may suffer dilution by future share offerings.

Share capital

As at the date of this report the Company's issued share capital comprises 107,238,154 common shares.

As at the date of this report the Company has on issue and outstanding stock options for:
(a) 3,425,000 common shares of the Company exercisable at Cdn$0.32 each expiring on January 17, 2007;
(b) 625,000 common shares of the Company exercisable at Cdn$0.34 each expiring on January 17, 2007; and
(c) 1,640,000 common shares of the Company exercisable at Cdn$1.00 each expiring on December 18, 2008.

As at the date of this report the Company has on issue and outstanding common share purchase warrants for 7,499,999 common shares of the Company exercisable at a price of Cdn$1.00 each expiring on November 12, 2004.

As at the date of this report the Company has on issue and outstanding compensation options for 428,125 common shares of the Company exercisable at Cdn$0.70 each expiring on November 12, 2004.

Therefore, as at the date of this report on a fully diluted basis the common shares of the Company would be 120,856,278.

2004 Outlook

The Company's priorities remain broadly consistent with those of the preceding year. At the project level, continuation of the planned work programs on the Company's projects. At the corporate level, raising the profile of the Company and continuing to assess market opportunities to raise additional funds.

Forward-Looking Statements

Some of the statements included in this report are "forward-looking" statements. They include statements about the Company's expectations, beliefs, plans, objectives and assumptions about future events or performance. These statements are often, but not always, made through the use of words or phrases such as "will likely result", "are expected to", "will continue", "anticipate", "believes", "estimate", "intend", "plan", "would" and "outlook" or statements to the effect that actions, events or results, "will", "may", "should" or "would" be taken, occur or be achieved. Statements and estimates concerning mineral resources may also be deemed to be forward-looking statements in that they involve estimates, based on certain assumptions, regarding the mineralisation that would be encountered if and when a mineral deposit were to be developed and mined. Forward-looking statements are not historical facts and are subject to a number of risks and uncertainties beyond the Company's control. Accordingly, the Company's actual results could differ materially from those suggested by these forward-looking statements for various reasons discussed throughout this report and particularly in the section entitled "Risks and Uncertainties". Forward-looking statements are made on the basis of the beliefs, opinions and estimates of the Company's management on the date the statements are made, and the Company does not undertake any obligation to update forward-looking statements if circumstances or management's beliefs, opinions or estimates should change. Readers should not place undue reliance on forward-looking statements.

Additional Information

Additional information relating to the Company, including an Annual Information Form dated June 22, 2004, may be obtained from the SEDAR website www.sedar.com.

On behalf of the Board of Directors

Dr. Jonathan Forster
Chief Executive Officer & Director

August 25, 2004

AXMIN Inc.

Corporate Information

Officers

Jean Claude Gandur [3]
Chairman

Michael Martineau [3,4]
Deputy Chairman & President

Jonathan Forster [3]
Chief Executive Officer

Craig Banfield [3]
Chief Financial Officer & Secretary

Directors

Michael Ebsary

Jonathan Forster [3]

Jean Claude Gandur [3]

Robert Jackson [1,2,4]

Michael Martineau [3,4]

Edward Reeve [1,2,4]

Robert Shirriff [2]

Anthony Walsh [1]

Senior Management

Howard Bills
Exploration Manager

Judith Webster [3]
Manager – Investor Relations

1 Audit Committee
2 Compensation Committee
3 Disclosure Committee
4 Technical Committee

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Stock Listing

TSX Venture Exchange (TSX-V)
Tier 2
Symbol: AXM

Common Shares Outstanding

(As at June 30, 2004)
107.2 million

Principal Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands

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