AXMIN

THIRD QUARTER REPORT 2011

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This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the nine months ended September 30, 2011 and 2010. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for the nine months period ended September 30, 2011, and audited consolidated financial statements and notes thereto ("Statements") of AXMIN Inc. ("AXMIN" or the "Company") as at and for the year ended December 31, 2010.

All amounts included in the MD&A are in thousands of United States dollars, except where otherwise specified and per unit basis. This report is dated as of November 23, 2011. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website (www.sedar.com).

The Company adopted International Financial Reporting Standards ("IFRS") effective January 1, 2011 and a transition date of January 1, 2010. The preparation of this financial information is in accordance with IFRS as issued by the International Accounting Standard Board ("IASB") unless otherwise noted. Note 15 to the interim condensed consolidated financial statements contains a detailed description of the Company's first annual reporting under IFRS and a reconciliation of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles to IFRS. The statements have been prepared using accounting policies in accordance with IFRS and International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"), which have been disclosed in the interim condensed consolidated financial statements for the period ended March 31, 2011.

Third Quarter Highlights

- July 2011 – AXMIN executes Mandate Letter with The Standard Bank of South Africa to arrange and underwrite up to $100 million of Debt Financing.
- September 2011 – AXMIN closes the sale of the Sierra Leone assets to Polo Resources Limited ("Polo") for a cash consideration of $7.5 million.

Post Quarter-End Highlights

- October 2011 – AXMIN and Polo joint venture announces the start of the Phase II, 10,000 metre resource drilling program at the high-grade Komahun gold project in Sierra Leone; a resource update is expected to be initiated in Q1 2012.
- October 2011 – AXMIN continues to strengthen its Passendro mine development team with the addition of Mike Edwards as Project Director and Geoff McLoughlin as Engineering Manager.
- November 2011 – AXMIN signs a drill contract for an initial 5,000 metre program to expand the resource and reserve base at the Passendro Project in Central African Republic ("CAR").
- November 2011 – Results from a comprehensive litho-structural study via satellite image analysis over the Company's wholly-owned 1,270 sq km gold exploration and mining permits delineated several regions, previously unexplored, along the Bambari belt that display geological conditions analogous to those hosting the Passendro gold deposits.

Business and Summary of Activities

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

Exploration and Development Activities

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

Project	Operator	Mineral	Location	Ownership
Passendro	AXMIN	Au	Central African Republic	100%
Bambari 1 and 2	AXMIN	Au	Central African Republic	100%
Satifara Permit	AXMIN	Au	Mali	94.45%
Mavita Permit	AXMIN	Ni, Cu	Mozambique	100%
Joint Ventures				
Senegal Permits	Teranga Gold / AXMIN	Au	Senegal	80% / 20%
Komahun	Polo / AXMIN	Au	Sierra Leone	51% / 49%
Matotoka Permit	Polo / AXMIN	Au	Sierra Leone	51% / 49%

Reserves and Resources

MINERAL RESERVES

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

MINERAL RESOURCES

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

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

Note *All resources and reserves are NI 43-101 compliant*
Passendro: Reserves as of January 2011; included in the Measured and Indicated; are based on US$1,000/oz Gold
Resources as of June 2009; cut-off grades vary from 1.2 g/t Au, 1.0 g/t Au and 0.8 g/t Au
Komahun: Resources as of September 2009; cut-off grades plus 1.8 g/t Au

CAR – Passendro Gold Project

The Company's primary asset is the wholly-owned Passendro Gold Project, which is situated in the centre of its 25-year Mining License, (355 sq km) which was awarded to AXMIN in August 2010. At the same time, the Company was also awarded two Exploration Licences Bambari 1 and 2 (1,240 sq km), which ring fence the Mining License and cover a 90 km strike of the Bambari greenstone belt. The positive results of the revalidated Feasibility Study ("FS") were announced on January 31, 2011 and subsequently the revalidated FS Summary Report was filed on SEDAR on March 17, 2011 (www.sedar.com). The revalidated FS and updated reserve statement was completed by the original 2008 Bankable Feasibility Study (" BFS") team led by SENET (PTY) Ltd. ("SENET"), SRK Consulting (UK) Ltd ("SRK"), AMEC Earth and Environmental Ltd. (tailings, waste rock), SGS Lakefield of South Africa (metallurgy) and Golder Associates (UK) Limited. The Company, with the assistance of Endeavour Financial has been working extensively with several banking consortiums and export credit insurance agencies in the arrangement of potentially up to 66% of the required capital costs needed to develop Passendro.

On October 25, 2011, AXMIN announced two new appointments to its development team that is responsible for construction of the Passendro project which is anticipated to being in 2012 and broadens the Company's existing skill base. Currently, AXMIN is in the midst of a very busy period as it prepares for the construction at Passendro. In addition, AXMIN continues to negotiate with banking consortiums for the remainder of the debt required. During the next two quarters we hope to advise our shareholders on the finalization of the legal and technical due diligence; the award of the critical contracts required to finalize the terms for the debt package namely, the EPCM, fuel supply, power and mining equipment contracts; and on results of our planned exploration drill program targeting resource and reserve expansion at Passendro.

On November 1, 2011, AXMIN announced the signing of a drilling contract with Geofor Afrique of Cameroon for an initial 5,000 metre drill program. The core rig is being mobilized to site from Douala, Cameroon and AXMIN expects to begin the program in 4Q 2011. In addition, results from a comprehensive litho-structural study via satellite image analysis over the Company's wholly-owned 1,270 sq km gold exploration and mining permits delineated several regions, previously unexplored, along the Bambari belt that display geological conditions analogous to those hosting the Passendro gold deposits. AXMIN plans to further explore these areas on the ground and it is expected that they will generate drill targets to be tested in the first half of 2012.

AXMIN's priority with the first 5,000 metre phase of drilling is to expand its reserve and resource base at Passendro. With focused drilling on data gaps, the Company expects to close out open-ended mineralization and mineralized targets, potentially simplifying and combining several of the open pits. The objective of the program is to ensure that the first three-year production rate of 205,000 ounces per annum at a cash cost of US$437/oz, can be maintained for the life of the mine.

On July 20, 2011, AXMIN announced the execution of a Mandate Letter with The Standard Bank of South Africa Limited ("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 for the purposes of partially funding the development of the Passendro Gold project in CAR.

Standard Bank provided an indicative term sheet where it proposes to arrange and underwrite a $100 million term loan and work with other MLA's (to be appointed) for the provision of up to US$230 million of total debt facilities. Standard Bank's commitment to arrange the financing is subject to satisfactory technical, legal and environmental due diligence, execution of acceptable terms and documentation and obtaining final credit approvals, including that of ECIC.

On May 9, 2011, AXMIN announced the appointment of Graham Hill as its Chief Operating Officer ("COO"), this appointment is a another milestone for AXMIN on the road to the development of Passendro and is key to maintaining the momentum at the project as it advances the debt facility negotiations.

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

The highlights of the revalidated FS are as follows:

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

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

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

Sierra Leone – Komahun Gold Project and Other Permits

AXMIN's Sierra Leone assets are situated in the central-west Kono region of Sierra Leone, some 330 km east of the capital Freetown. AXMIN's principal asset is the Komahun Gold Project ("**Komahun**") which is located within Nimini Hills West Licence. Komahun has an Indicated Mineral Resource of 370,000 tonnes grading 9.1 g/t Au (110,000 ounces) and an Inferred Mineral Resource of 3.1 million tonnes grading 4.3 g/t Au (435,000 ounces). The remaining licences in Sierra Leone, being Nimini Hills East and Matotoka are each at an early stage of exploration.

On October 28, 2011, the Polo and AXMIN joint venture, who hold 51% and 49% of Nimini respectively, announced that Nimini had initiated the Phase II drilling program at its 100%-owned Komahun Gold Project. The scheduled 5,000 metre program at the Komahun Main Zone will include both in-fill and depth extensions of the existing deposit together with drilling to define the strike and depth extensions of the newly discovered Western Extension where limited drilling in early 2011 indicated economic grades and widths near-surface. Exploration drilling is also taking place over the Sendekor prospect which covers a four kilometre strike area hosted in favourable Banded Iron Formation and Amphibolites.

On September 28, 20011, AXMIN closed its sale of 51% of the shares of its subsidiary Nimini Holdings Limited to Polo for a cash consideration of $7.5 million, which was first announced on July 20, 2011. After the closing, Polo and AXMIN will hold a 51% and 49% interest, respectively, in Nimini, a private British Virgin Island company, which holds a 100% interest in the Project licenses (Nimini East, Nimini West and Matotoka licences). Under terms of the Shareholder Agreement, pertaining to Nimini, Polo is to solely fund the first $2 million of the Project exploration expenditures, following which both parties are to jointly fund exploration expenditures on a pro rata basis. Parties who elect not to participate will face dilution of their respective interest in Nimini. The board of directors of Nimini shall comprise two nominees of AXMIN and three nominees of Polo. Further, while Polo is solely responsible for contributing the first $2 million of the project expenditure, Polo will be deemed to have contributed only $1,020 and AXMIN will be deemed to have contributed $980.

On June 29, 2011, AXMIN announced further results from the Phase I drilling program (10 holes), which consisted of 34 holes (5,077 metres), plus new trenching results at its 100% owned Nimini Licences in Sierra Leone. Both the drilling and trenching results confirm the potential for near-surface economic gold mineralization at Komahun and strengthen the possibility that the deposit is open along strike to the east and down dip. In addition, the newly discovered Western Extension, Hole NWKD 193, intersected 3 metres of 2.01 g/t Au close to surface and confirms the project upside for near-surface mineralization in this area.

On August 3, 2011, AXMIN terminated the Amalgamation Agreement with Fuller Capital Corp. ("Fuller") that it announced on June 9, 2011. Concurrent with the amalgamation agreement, AXMIN paid Fuller a break-fee of C$200 on August 19, 2011.

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

On February 15, 2011, AXMIN announced the closing of the acquisition of the minority interest in its Nimini Hills East and West licenses, thereby increasing AXMIN's ownership in the licenses to 100%.

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

Mali

Kofi Gold Project

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

As of the date of this report, the sale of 6 out of the 9 total permits was completed with a significant tranche closing in December 2010. The payment schedule for each closed sale is in four tranches as follows: 25% on closing, 25% in 3 months following the closing, 25% in 12 months following the closing and 25% in 18 months from the date of closing respectively. To date, AXMIN received 50% of the proceeds from the closing of the six permits consisting of $175 cash and 1,575,000 common shares of Avion. As at September 30, 2011, due to the recent changes in the local government, management is unable to estimate the closing time of the remaining three permits.

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

Satifara Permit

During the quarter ended September 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.

Senegal Permits

In June 2011, AXMIN's joint venture partner Teranga advised AXMIN that Teranga had earned 80% interest in by spending an additional $3.5 million in exploration expenditures. At this time AXMIN may elect to maintain its 20% interest in the Senegal Permits by participating pro-rata expenditures or transfer its interest to Teranga in return for a 1.5% royalty. In July, 2011, AXMIN has notified Teranga that the Company will maintain its 20% interest in the Senegal Permits. Originally, the joint venture agreement with

Teranga was concluded on November 3, 2008 and it includes gold exploration permits for Sonkounkou, Heremakono and Sabodala NW located in the Birimian belt of Eastern Senegal.

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

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

In November, 2010, Teranga earned a 51% interest in the Senegal licenses, at that time AXMIN elected not to participate in further expenditure on a pro-rata basis and thus, once Teranga has spent a further $3.5 million, AXMIN's interest in the license will be diluted to 20%.

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

Mozambique - Mavita Project

Similar to the prior quarters in 2011, exploration and development for the third quarter ended September 30, 2011 was dormant for the Mavita project. The exploration activities for the third quarter ended September 30, 2010 were also minimal due to the fact that AXMIN acquired the property from AfNat on June 14, 2010.

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

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

For a fuller description of the above properties and any other properties in which the Company holds interests refer to the disclosures in note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2010 and other filings made on the SEDAR website (*www.sedar.com*).

Outlook

The award of the 25-year Mining Licence for the Passendro Gold Project represents major and positive step forward towards commercial production from CAR's first modern gold mining operation. The exploration of the properties in CAR remains a main priority of the Company. The signing of a Mandate Letter with the Standard Bank of South Africa Limited to arrange and underwrite a $100 million debt financing represents another major milestone for the Company and the CAR. This event is a key component of management's expressed plan to bring the Passendro Mine into production and represents the fruition of months of work. The next major milestone for the Company is to obtain financing with additional debt facility lenders. With the assistance of the Company's financial advisers, the management of AXMIN is in advanced discussions with additional debt facility arrangers.

Although Management remains optimistic that it will obtain the required financing, there are no guarantees that the financing efforts will be successful.

Results of Operations

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

In thousands of US dollars, except per share amounts	**2011 3rd quarter**	**2011 2nd quarter**	**2011 1st quarter**	**2010 4th quarter**
Statements of operations and comprehensive loss				
Net (loss) gain from continuing operations for the period	(1,398)	(1,168)	(1,603)	(3,686)
Net (loss) gain from discontinued operations	15,960	(258)	74	2,881
Net (loss) gain per share from continuing operations	(0.002)	(0.002)	(0.002)	(0.012)
Statement of financial position				
Working capital	7,827	3,505	6,860	12,635
Total assets	49,073	35,482	40,568	43,939
Statements of cash flows				
Investments in mineral properties	(1,470)	(1,208)	(2,491)	(1,671)
Cash flow from financing activities	-	-	(1,750)	9,443

	2010 3rd quarter	**2010 2nd quarter**	**2010 1st quarter**	**2009 4th quarter**
Statements of operations and deficit				
Net (loss) from continuing operations for the period	(2,125)	(4,030)	(965)	(484)
Net (loss) from discontinued operations for the period	(115)	(126)	(1,282)	-
Net (loss) profit per share from continuing operations	(0.005)	(0.011)	(0.003)	(0.002)
Statement of financial position				
Working capital	(3,145)	8,782	564	(351)
Total assets	31,979	25,352	8,887	35,989
Statements of cash flows				
Investments in mineral properties	(14,147)	-	-	(710)
Cash flow from financing activities	(13)	1,004	1,083	1,322

Third Quarter ended September 30, 2011

During the third quarter ended September 30, 2011, the company realized a net loss of $1.4 million from the continuing operations compared to $2.1 million loss in 2010, a decrease of $0.7 million. The variance is primarily due to lower administration costs and lower share-based compensation costs in 2011 when compared to 2010. In addition, the loss in 2011 was decreased by an unrealized gain on change in fair value of derivatives, $0.2 million, compared to an unrealized loss of $0.8 million in 2010 slightly offset by increased exploration, evaluation and development costs in 2011.

Administration expenses in 2011 were lower by $0.7 million when compared to the quarter ended in 2010. The difference is mainly due to higher expenses (mainly professional fees) incurred during the process of obtaining the mining license in the CAR during the third quarter in 2010.

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 third quarter ended September 30, 2011, the exploration, evaluation and development costs included in the consolidated statement of operations, amounted to $0.5 million compared to $0.3 million of exploration expenditures incurred during the quarter ended in 2010. In aggregate, for the period ended September 30, 2011, the Company expensed $3.3 million of exploration and development costs compared to $1.5 million for the same period ended in 2010. The higher exploration expenditures incurred in 2011 are due to drilling activities carried out on the Sierra Leone project in 2011.

As a result of adoption of IFRS, the Company changed its functional currency from the USD dollar to the Canadian dollar. As a result of this change, common share purchase warrants denominated in currency other than functional currency must be reported separately in the liability section as a derivatives liability. At each reporting period, the warrants are fair valued and the change in the fair value is included in the consolidated statement of operations. Under former Canadian GAAP, such equity instruments were included in the warrants of the shareholder's equity sections. During the third quarter ended September 30, 2011, the change in fair value of warrants denominated in currency other than Canadian dollar amounted to $0.2 million unrealized gain compared to an unrealized loss of $0.8 million during the quarter ended in 2010.

During the third quarter ended September 30, 2011, the Company capitalized exploration and development costs to mineral properties for a net total of $1.5 million relating to the Bambari Permits compared to $15.8 million during the three months ended September 30, 2010. The mining permit for Bambari was obtained in August, 2010, which became the starting point for capitalizing exploration and evaluation assets for Bambari. The high amount spent on mineral properties in 2010 relates to the fees paid and payable for the mining permit for the Passendro Gold Project in the CAR.

As at September 30, 2011 the Company's cumulative capitalized carrying value of mineral properties was $22.0 million compared to $17.6 million as at September 30, 2010. As explained above, adopting IFRS and change to the accounting policy are the principal reason for this variance.

As at September 30, 2011, exploration, evaluation and evaluation assets relating to Mali of $1.1 million, compared to $3.5 million in 2010 were reclassified and reported as assets of discontinued operations. The decrease results from the completed sales of the permits.

The available-for-sale securities as at September 30, 2011 totaled to $0.1 million compared to $1.0 million in 2010. The difference relates to the marketable securities of Avion that were disposed during the period ended September 30, 2011.

Amounts receivable increased to $3.5 million when compared to 2010 $0.3 balance. The increase is due to the recording of amounts receivable for the Avion shares relating to the closing of the mining permits transferred.

Total liabilities at the end of September 30, 2011 amounted to $5.0 million compared to $10.0 million in 2010. The decrease is mainly attributed to the bonus payment paid to the Government of CAR of $3.0 million, repayment of the loan to AOG in the amount of $1.7 million, and decrease in the unrealized fair value of derivatives by $1.2 million offset by the increase in the liabilities of discontinued operations of $0.2 million.

Gain/loss from Discontinued Operations

On September 28, 2011, AXMIN closed the sale of 51% of the shares of its subsidiary, Nimini, which holds indirectly 100% of the exploration licenses for the Sierra Leone project to Polo for a cash consideration of $7.5 million. Under the terms of the agreement, Polo and AXMIN hold 51% and 49% interest, respectively, in Nimini, and Polo is to solely fund the first $2 million of the project exploration expenditures.

As a result of the sale to Polo, AXMIN realized a gain of $7.5 million, ($7.4 million net of legal costs) reported as a gain from the discontinued operations. The gain from the sale to Polo is further increased by $7.2 million for the fair value of the 49% AXMIN's remaining interest in Nimini plus the free carry interest in the project attributed to AXMIN of $1.0 million. The total gain, (net of legal costs) resulting from this sale transaction in the amount of $15.6 million is included in the gain from the discontinued operations in the consolidated statement of operations and comprehensive loss.

For the period ended September 30, 2011, the total gain from the discontinued operations amounted to $15.8 million compared to $1.5 million loss in 2010. The variance is primarily due to realizing $15.6 million gain on sale of the Sierra Leone subsidiary to Polo and a gain on disposal of marketable securities of Avion.

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.

During the third quarter ended September 30, 2011, the Company incurred general and exploration costs in the amount of $247, net gain on disposal of marketable securities of $393 and recorded a net gain from the discontinued operations of $367. During the quarter ended September 30, 2010, the loss from the discontinued operations was $115. The gain realized in the third quarter of 2011 is attributed to the realized net gain on disposal of the marketable securities of Avion.

Liquidity and Capital Resources

Going Concern

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

The interim condensed consolidated financial statements have been prepared on the basis that the Company is a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2011, the Company has a working capital of $7,827, no source of operating cash flows and does not have sufficient cash to fund the development of its properties. It will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities.

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

The award of the Mining License for the Passendro Gold Project and the signing of a Mandate Letter with the Standard Bank of South Africa to arrange and underwrite a $100 million term loan are important milestones for the Company's operations. However, additional funding will be required to proceed with the development towards commercial production.

There can be no assurances that the Company's activities will be successful, or sufficient funds can be raised in a timely manner. As a result, there is significant doubt regarding the "going concern" assumption and accordingly, the use of accounting principles applicable to a going concern. The 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 the consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, expenses and balance sheet classifications, which could be material, would be necessary.

Liquidity and Capital Resources

The sale of the Sierra Leone licenses on September 28, 2011 generated a net cash inflow of $7.4 million. In addition, during the period September 30, 2011, the Company disposed marketable securities of Avion generating net cash inflow of $1.7 million during the quarter ended September 30, 2011, $1.1 million during the quarter ended June 30, 2011 and $4.5 million in January, 2011 on disposal of marketable securities of Copper Development Corporation ("CDC").

These transactions and the net proceeds of C$9.5 million raised through private placement in November, 2010 have been the main source of funding for the company's ongoing expenditures.

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

The Company's main sources of funding continue to be in equity markets, marketable securities, outstanding warrants and options. As at September 30, 2011, the Company had cash resources of $9.0 million compared to $1.3 million balance as at September 30, 2010. All of these amounts are retained as cash on deposit, thus minimizing the credit risk. The increase in cash resources at September 30, 2011 is due to net cash received from the transaction with Polo, $7.4 million on September 28 and cash received on the sale of marketable securities of Avion, of $1.7 million in July, 2011, offset by cash outflow to fund the company's ongoing operations.

The increased amount of working capital as at September 30, 2011 of $7.8 million, compared to a working capital deficit of $3.1 million in 2010 is directly attributable to the cash inflow on the sale transaction with Polo and to increased current liabilities in 2010.

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 $148 and it includes the minimal rent plus realty taxes, maintenance and utilities.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Parties

During the period ended September 30, 2011 and 2010, the Company incurred:

(a) $462 (2010 - $413) in legal services provided by a partnership related to a director of the Company. As at September 30, 2011, $136 (2010 - $90) was due to this partnership.

(b) $0 (2010 - $22) in management services from the Addax and Oryx Group ("AOG"). As of June 30, 2010, the management fee was no longer payable and the balance owing to AOG was fully paid in July, 2010.

New Accounting Pronouncements

First Time Adoption of IFRS

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that Canadian Generally Accepted Accounting ("GAAP") principles would cease for publicly accountable enterprises and the International Financial Reporting Standards ("IFRS") would become the new basis of accounting. The effective changeover date was January 1, 2011, at which time Canadian GAAP was replaced by IFRS.

The Company's interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2011 have been prepared in accordance with International Financial Reporting Standard 1 *First-time adoption of IFRS* ("IFRS 1") and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board.

The Company adopted IFRS in 2011 with a transition date of January 1, 2010. The interim condensed consolidated financial statements have been prepared using the accounting policies the Company expects to adopt in its annual financial statements for the year ending December 31, 2011. These accounting policies and the effect of the first-time adoption of IFRS have been disclosed in the interim condensed consolidated financial statements for the three months period ended March 31, 2011.

Notes for reconciliations from Canadian GAAP to IFRS

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

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

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

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

Adopting the new accounting policy has significant impact on the Company's financial statements. All existing mineral properties, $26,485 were written off at the transition date, January 1, 2010 as reflected in the consolidated statement of operations and deficit. During the quarter ended September 30, 2010, $27,896 of exploration costs was expensed.

Share Based Payments – IFRS 2

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

Upon adoption of IFRS 2, the accounting policy was applied retrospectively to all equity instruments that have not vested as at January 1, 2010, the transition date. Due to the low number of unvested options at the transition date, the impact of the retrospective application of the graded vesting method resulted in a $10 increase to the contributed surplus and deficit. For the quarter ended September 30, 2010, share-based compensation was increased by $172.

Impairment of Long Lived Assets – IAS 36

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

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

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

Foreign Currency – IAS 21

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

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

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

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

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

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

Recent accounting pronouncements

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

IFRS 9 *Financial Instruments: Classification and Measurement*

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

IFRS 10 *Consolidated Financial Statements*

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

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

IFRS 11 *Joint Arrangements*

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

IFRS 12 *Disclosure of Interests in Other Entities*

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

IFRS 13 *Fair Value Measurement*

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

IAS 27 *Separate Financial Statements*

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

IAS 28 Investments in Associates and Joint Ventures

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

IAS 1 *Presentation of Financial Statements*

Amendments to IAS 1- Presentation of Financial Statements - was issued in June 2011 and is effective for annual periods beginning on or after July 1, 2012. IAS 1 should be applied retrospectively, but early adoption is permitted. The amendments require that an entity present separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories. The existing option to present the profit or loss and other comprehensive income in two statements has remained unchanged. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

Risk Factors

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

The following is a description of significant risk factors:

Mining Industry

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

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

Ability to Raise Funds

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

Substantial Funding Requirement

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

No Production Revenues; History of Losses

AXMIN does not currently operate a mine on any of its properties. There can be no assurance that the Company's exploration programs will result in locating commercially exploitable mineral ores or that the Company's properties will be successfully developed.

To date, the Company has not recorded any revenues from mining operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added.

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

Uncertainty in the Estimation of Mineral Reserves and Resources

There is a degree of uncertainty to the calculation of mineral reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until mineral reserves or mineral resources are actually mined and processed the quantity of mineral resources and mineral reserve grades must be considered as estimates only. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the properties.

The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources could have an adverse effect on AXMIN's results of operations and financial position.

Nature of Mineral Exploration

Other than with respect to the properties that comprise Passendro in CAR, none of the properties in which AXMIN has an interest contain a known body of commercial ore. The exploration and development of mineral deposits involve significant financial risks over a significant period of time whereby a combination of careful evaluation, experience and knowledge may not fully eliminate the risks. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. If AXMIN's exploration is successful, development of its properties will be subject to all of the hazards and risks normally incident to gold exploration and development, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. There are also risks against which AXMIN could not insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage or in compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays.

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

Uncertainty Relating to Inferred Mineral Resources

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

Political Risk

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

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

Insurance and Uninsured Risks

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

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

Government Regulation

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

Many of the mineral rights and interests of AXMIN are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that AXMIN will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Contractual Arrangements and Joint Ventures

AXMIN has entered into and may in the future enter into contractual arrangements to acquire interests in mineral resource properties with governmental agencies and joint venture agreements which contain time-sensitive performance requirements. The foundation of certain of these agreements may be based on recent political conditions and legislation and not supported by precedent or custom. The Company may lose its option rights and interests in joint ventures if it is not able to fulfill its share of costs. As such, the contractual arrangements may be subject to cancellation or unilateral modification. Any change in government or legislation may affect the status of AXMIN's contractual arrangements or its ability to meet its contractual obligations and may result in the loss of its interests in mineral properties.

Commodity Price Fluctuations

The development and success of any project of the Company will be primarily dependent on the future price of gold and other metals. Commodity prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and political and economic conditions. The price of gold and other metals has fluctuated widely in recent years, and future price declines could cause any future development of and commercial production from the Company's properties to be impracticable.

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

Competition

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

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

Currency Risk

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

Title Matters

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

Conflict of Interest

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

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

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

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

Stock Price Volatility
The market price of the common shares, like that of the common shares of many other junior mining companies, has been and is likely to remain volatile. Results of exploration activities, the price of gold and silver, future operating results, changes in estimates of the Company's performance by securities analysts, market conditions for natural resource shares in general, and other factors beyond the control of the Company, could cause a significant decline on the market price of common shares.

Future Sales of Shares by Existing Shareholders
Sales of a large number of common shares of the Company in the public markets, or the potential for such sales, could decrease the trading price of the common shares of the Company and could impair AXMIN's ability to raise capital through future sales of common shares of the Company.

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

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

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

Dividend Policy

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

Share Capital

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

Securities	Common shares on exercise
Common shares	628,271,747
Stock options	27,100,000
Common share purchase warrants	128,930,558
Fully diluted share capital	**784,302,305**

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

November 23, 2011

Interim Condensed Consolidated Statement of Financial Position

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

(Unaudited and expressed in thousands of United States dollars)

As at	**September 30, 2011**	December 31, 2010 *(note 15)*
Assets		
Current assets		
Cash and cash equivalents	**9,047**	9,278
Available-for-sale securities *(note 14)*	**113**	6,599
Amounts receivable	**309**	138
Amounts receivable – other *(note 4b)*	**3,187**	3,060
Prepaid expenses and deposits	**137**	223
	12,793	19,298
Non-current assets		
Mineral properties *(note 4a)*	**21,966**	16,797
Property, plant and equipment *(note 5)*	**2,800**	2,800
Goodwill *(note 6)*	**2,236**	2,236
Assets of discontinued operations *(note 7)*	**1,054**	1,230
Investment in Nimini Holdings Limited *(note 4b)*	**8,186**	-
Long-term receivable *(note 4b)*	**-**	1,530
Other assets, net	**38**	48
	36,280	24,641
	49,073	43,939
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**993**	937
Amounts payable to Government of the CAR *(note 4a)*	**2,831**	2,902
Current portion of shareholder loan *(note 9) (note 4a)*	**-**	548
Amounts due to related parties *(note 9)*	**136**	90
Unrealized fair value of derivatives	**680**	1,860
Liabilities of discontinued operations *(note 7)*	**326**	326
	4,966	6,663
Non-current liabilities		
Long-term payable to Government of the CAR *(note 4a)*	**-**	2,627
Shareholder loan – long-term *(note 9)*	**-**	1,197
	-	3,824
Total Liabilities	**4,966**	10,487
Commitments and contingencies *(note 10)*		
Shareholders' equity *(note 8)*		
Share capital	**133,885**	133,038
Warrants reserve	**4,265**	4,281
Stock option reserve	**10,335**	9,667
Deficit	**(104,701)**	(116,308)
Accumulated other comprehensive income (loss) *(note 11)*	**323**	2,774
	44,107	33,452
	49,073	43,939

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 nine month periods ended September 30,	Three months ended September 30,		Nine months ended September 30,	
	2011	2010 *(note 15)*	**2011**	2010 *(note 15)*
Expenses				
Administration	**1,030**	1,811	**2,965**	4,488
Exploration, evaluation and development costs *(note 4b)*	**454**	270	**3,270**	1,529
Loss on disposal of assets *(note 4a)*	**-**	60	**-**	375
Share-based compensation *(note 8)*	**47**	397	**668**	844
	1,531	2,538	**6,903**	7,236
Other Income				
Loss (gain) on foreign exchange	**(3)**	(287)	**(28)**	(43)
Loss (gain) on sale of marketable securities *(note 14)*	**-**	(758)	**(1,403)**	(758)
Unrealized loss (gain) on shares receivable from Avion *(note 4b)*	**50**	-	**(105)**	-
Change in fair value of derivatives *(note 4a)*	**(180)**	790	**(1,180)**	790
Interest expense, net	**-**	37	**(1)**	92
	(133)	(218)	**(2,717)**	81
Loss from continuing operations before income taxes for the period	**1,398**	2,320	**4,186**	7,317
Deferred income tax (recovery) expense	**-**	(195)	**(17)**	(195)
Net loss from continuing operations for the period	**1,398**	2,125	**4,169**	7,122
Loss (gain) from discontinued operations, net of income taxes *(note 7)*	**(15,960)**	115	**(15,776)**	1,523
Net (income) loss for the period	**(14,562)**	2,240	**(11,607)**	8,645
Other comprehensive income *(note 11)*				
Changes in unrealized loss (gain) on available-for-sale financial assets arising during the period	**233**	(53)	**878**	55
Foreign currency translation	**127**	124	**(80)**	526
Comprehensive (income) loss for the period	**(14,202)**	2,311	**(10,809)**	9,226
Net loss (gain) per common share (basic and diluted)				
- Continuing operations	**0.002**	0.005	**0.007**	0.018
- Discontinued operations	**(0.025)**	0.000	**(0.025)**	0.004
Basic and diluted loss per common share	**(0.023)**	0.005	**(0.018)**	0.022
Weighted average number of common shares outstanding	**628,271,747**	394,114,191	**627,472,694**	391,288,104

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 nine month periods ended September 30,	**2011**		2010 *(note 15)*	
	Number	**Amount ($)**	Number	Amount ($)
Share capital				
Authorized: Unlimited common shares				
Issued: Common shares				
Balance, beginning of period	**623,580,534**	**133,038**	307,979,901	105,374
Shares issued on acquisition of minority interest in the Sierra Leone project *(note 4b and note 8)*	**4,388,370**	**811**	-	-
Shares issued to Government of CAR *(note 4a)*	**-**	**-**	26,000,000	2,139
Shares issued on acquisition of AfNat *(note 6)*	**-**	**-**	206,267,333	19,547
Shares issued to consultant *(note 8)*	**302,843**	**36**	-	-
Balance, end of period	**628,271,747**	**133,885**	540,247,234	127,060
Warrants reserve				
Balance, beginning of period	**135,846,878**	**4,281**	55,966,667	2,781
Warrants issued *(note 6)*	**-**	**-**	14,961,345	395
Warrants issued to Government of CAR *(note 8 and 15)*	**-**	**-**	20,000,000	-
Warrants expired *(note 8)*	**(4,995,120)**	**(16)**	(15,480,300)	(1,561)
Balance, end of period	**130,851,758**	**4,265**	75,447,712	1,615
Stock options reserve				
Balance, beginning of period		**9,667**		6,039
Share-based compensation expense *(note 8)*		**668**		844
Excess of fair value of warrants over AfNat's options cancelled on acquisition *(note 6)*		**-**		256
Future tax recovery on warrants expired		**-**		(195)
Expiry of warrants *(note 8)*		**-**		1,561
Balance, end of period		**10,335**		8,505
Deficit				
Balance, beginning of period *(note 15)*		**(116,308)**		(106,774)
Net income (loss) for the period		**11,607**		(8,645)
Balance, end of period		**(104,701)**		(115,419)
Accumulated other comprehensive income, net of tax				
Balance, beginning of period		**2,774**		801
Reclassification adjustment for gains and losses included in net income on sale of available-for-sale financial assets arising during the period *(note 11)*		**(1,653)**		(758)
Changes in unrealized gain (loss) on available-for-sale financial assets arising during the period *(note 11)*		**(878)**		(398)
Effects of foreign currency translation *(note 11)*		**80**		526
Balance, end of period		**323**		171
Shareholders' equity, end of period		**44,107**		21,932

See accompanying notes to the interim condensed consolidated financial statements.

Consolidated Statements of Cash Flows

(Unaudited and expressed in thousands of United States Dollars)

For the nine month periods ended September 30,	**2011**	2010 *(note 15)*
Operating Activities		
Net (loss) gain for the period– continuing operations	**(4,169)**	(7,122)
Net (loss) gain for the period – discontinued operations *(note 7)*	**15,776**	(1,523)
Impairment charges *(note 7)*	**-**	985
Loss on disposal of assets *(note 4a)*	**-**	375
Gain on disposal of subsidiary *(note 4b and note 7)*	**(15,686)**	-
Share-based compensation expense	**668**	844
Exploration, evaluation and development costs financed with share issuance	**811**	-
Unrealized loss (gain) on foreign exchange	**239**	(8)
Provision (tax recovery) for income tax expense *(note 8)*	**(17)**	(74)
Unrealized loss (gain) on shares receivable from Avion *(note 4b)*	**(105)**	-
Unrealized gain on fair value of derivatives *(note 4a)*	**(1,180)**	790
Non-cash consideration from discontinued operations *(note 7)*	**(180)**	-
Realized gain on sale of marketable securities *(note 14)*	**(1,653)**	(758)
Changes in non-cash working capital	**(387)**	(60)
Amortization of other assets	**10**	10
Net cash outflow from operating activities	**(5,873)**	(6,541)
Investing Activities		
Additions to mineral properties *(note 4a)*	**(4,867)**	(5,081)
Change in amounts payable relating to mineral properties	**(2,517)**	-
Cash acquired through acquisition *(note 6)*	**-**	10,361
Proceeds from sale of assets *(note 4a)*	**-**	534
Proceeds from sale of marketable securities *(note 14)*	**7,332**	743
Proceeds from sale of exploration and evaluation assets *(note 4b)*	**7,500**	-
Proceeds from sale of discontinued operations *(note 4b)*	**92**	-
Net cash inflow (outflow) from investing activities	**7,540**	6,557
Financing Activities		
Proceeds (repayment) of loan *(note 9)*	**(1,750)**	1,033
Cost of share issuance *(note 8)*	**-**	(42)
Net cash inflow (outflow) from financing activities	**(1,750)**	991
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	**(132)**	(5)
Change in cash and cash equivalents during the period	**(215)**	1,002
Cash and cash equivalents, beginning of period	**9,278**	340
Cash and cash equivalents, discontinued operations *(note 7)*	**(16)**	(32)
Cash and cash equivalents, end of period	**9,047**	1,310
Supplemental Cash Flow Information		
Interest	**-**	-
Income taxes (recovered) paid	**-**	-

See accompanying notes to the interim condensed consolidated financial statements.

1. Nature of operations and going concern

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

Following the acquisition of AfNat Resources Limited ("AfNat") in June 2010, the Company 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 its development stage. Aside from the properties that comprise the Passendro project, it has not yet determined whether other properties in its exploration portfolio contain resources that are economically recoverable. The recoverability of the amounts shown for exploration and development costs is dependent upon the existence of economically recoverable resources, the ability of the Company to obtain all necessary permits and raise financing to complete the exploration and development, and future profitable production or proceeds from the disposition of such properties. In addition, the Company's properties may be subject to sovereign risk, including political and economic uncertainty, changes in existing government regulations to mining which may not uphold the Company's 25-year Mining Permit and the associated contractual agreements, as well as currency fluctuations and local inflation. These risks may adversely affect the investment in the properties and may result in the impairment or loss of all or part of the Company's investment.

These interim 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 September 30, 2011, the Company had working capital of $7,827, 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 financing or the sale of assets to allow the Company to continue future exploration and development activities. However, there can be no assurances that the Company's financing activities will be successful or sufficient funds can be raised in a timely manner.

These interim 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 Financial Reporting Standard 1 *First-time adoption of IFRS* ("IFRS 1") and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). They are condensed as they do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2010, prepared under Canadian generally accepted accounting principles ("Canadian GAAP") and the interim condensed consolidated financial statements as at and for the three months ended March 31, 2011.

The Company adopted IFRS in 2011 with a transition date of January 1, 2010. These interim condensed consolidated financial statements have been prepared in accordance with IFRS using the accounting policies the Company expects to adopt in its annual financial statements for the year ending December 31, 2011. These accounting policies and the effect of the first-time adoption of IFRS have been disclosed in the interim condensed consolidated financial statements for the three months ended March 31, 2011. The transition to IFRS resulted in changes to the Company's previous accounting policies as applied and disclosed in the consolidated financial statements for the year ended December 31, 2010, prepared in accordance with Canadian GAAP. A summary of the significant changes to the Company's accounting policies is disclosed in Note 15 along with the impact of the changeover to IFRS on the comparative periods.

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

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

These interim condensed consolidated financial statements of the Company have not been reviewed by an auditor and were authorized for issuance by the Audit Committee of the Board of Directors on November 23, 2011.

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

Basis of Presentation

The unaudited condensed consolidated interim financial statements for the nine-month period ended September 30, 2011 have been prepared in accordance with IFRS and reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and subsidiaries as at September 30, 2011.

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

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

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

AXMIN Limited (BVI)	100% owned
Aurafrique SARL (CAR)	100% owned
SOMIO Toungou SA (CAR)	100% owned
AfNat Resources Limited (Bermuda)	100% owned

Significant accounting judgements, estimates and assumptions

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

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

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

4. Exploration and evaluation assets

a) Mineral properties

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

	Bambari (CAR)	**Others**	**Total**
Balance as at January 1, 2010	-	-	-
Additions	7,027	-	7,027
Issuance of shares and warrants	3,262	-	3,262
Amounts payable to Government of CAR	5,529	-	5,529
Mineral properties acquired – Mozambique (note 6)	-	979	979
Mineral properties acquired - Zambia (note 6)	-	2,794	2,794
Disposal of Zambian property	-	(2,794)	(2,794)
Balance as at December 31, 2010	**15,818**	**979**	**16,797**
Additions	4,965	-	4,965
Increase in amounts payable to Government of CAR	204	-	204
Balance – September 30, 2011	**20,987**	**979**	**21,966**

Central African Republic

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

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

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

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

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

Pursuant to the agreement on August 9, 2010, on September 21, 2010 the Company issued 26,000,000 common shares fair valued at C$0.085 and 20,000,000 common share purchase warrants to the Government of CAR as consideration in exchange for the project free-carried interest on its awarded 25-year Mining Licence for the Passendro project. The total fair value of the shares and share purchase warrants amounted to $3,262. The market value of the shares on the date of issuance was C$2,210 ($2,152). The fair value of the warrants on the date of issuance was C$1,140 ($1,110) and it was determined using the Black Scholes Option pricing model with assumptions described in note 7 for the warrants. As described in note 15 (d), warrants denominated in currency other than the functional currency are accounted for as derivative instruments. As a result, the $1,110 plus the fair value increase of $750 amount was reclassified from the warrants reserve to the derivatives liability as at December 31, 2010. The fair value of this derivative was $680 as at September 30, 2011, ($1,900 at September 30, 2010).

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

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 is payable in April, 2012. The outstanding bonus amount payable has been accrued in the consolidated financial statements at a discount rate of 10%, which approximates AXMIN's estimated cost of borrowing.

In an effort to raise funds, during the period ended September 30, 2010, exploration equipment was disposed of for aggregate proceeds of $566 resulting in a loss on disposal of $375.

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

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

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

Mali – discontinued operation
On March 31, 2010, AXMIN and Avion Gold Corporation ("Avion") entered into an agreement for the sale of AXMIN's Kofi Gold Project and other ancillary permits in Mali. The total sales proceeds for the nine permits consist of C$500 cash and 4,500,000 common shares of Avion. On September 30, 2011, six of the nine permits met the conditions for closing. The consideration for the six permits represents 70% of the total sale proceeds and consists of C$350 cash and 3,150,000 common shares of Avion and will be paid in four tranches; 25% on closing, 25% in 3 months following the closing, 25% in 12 months following the closing and 25% in 18 months from the date of closing. As at September 30, 2011, AXMIN received cash in aggregate of C$175 and 1,575,000 common shares of Avion. Cash received during the period ended September 30, 2011 amounted to C$93.

AXMIN recorded a current portion receivable in the amount of $3,187 for the tranches receivable during the 12 months period. The fair value of the Avion shares is based on its closing market price of C$2.01 as at September 30, 2011. The share price of Avion increased from C$1.68 on March 31, 2011 to C$1.94 on June 30, 2011 and to C$2.01 on September 30, 2011 resulting in an unrealized gain of $105 on the share proceeds receivable. The unrealized gain was recorded and included in the consolidated statements of operations and comprehensive loss.

The following table shows the composition of proceeds receivable as at September 30, 2011 relating to the completed sale of the six permits.

Schedule of Proceeds	Cash Receivable	# of Shares Receivable	Fair Value – Shares on December 31, 2010	Fair Value – Shares on September 30, 2011
December 24, 2011	77	731,250	1,448	1,402
March 11, 2012	7	56,250	-	108
May 24, 2012	77	731,250	1,448	1,402
September 11, 2012	6	56,250	-	108
Total	**$167**	**1,575,000**	**$2,896**	**$3,020**

The closing of the remaining three concessions will take place once closing conditions are satisfied. As at September 30, 2011, due to the recent changes in the local government, management is unable to estimate the closing time of those three permits. The assets, liabilities and results of operations of Mali have been separately reported as discontinued operations in the consolidated statement of financial position and the consolidated statements of operations and comprehensive loss.

A total of $247 in exploration costs was incurred during the period ended September 30, 2011.

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

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

In July, 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%.

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

	Bambari (CAR)	**Nimini (Sierra Leone)**	**Others**	**Total**
Exploration, evaluation and development costs as at January 1, 2010	20,029	5,310	1,146	26,485
Additions	465	836	151	1,452
Disposal of exploration, evaluation and development costs – Zambia	-	-	(141)	(141)
Impairment charges	-	-	(695)	(695)
Exploration, evaluation and development costs – December 31, 2010	20,494	6,146	461	27,101
Additions	-	3,255	15	3,270
Balance – September 30, 2011	**20,494**	**9,401**	**476**	**30,371**

Sierra Leone

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 licences for the Sierra Leone project to Polo Resources Limited ("Polo") for a cash consideration of $7.5 million. After the closing, Polo and AXMIN hold 51% and 49% interest, respectively, in Nimini, a private British Virgin Island company. Under the terms of the agreement, Polo is to solely fund the first $2 million of the project exploration expenditures, following which both parties are to jointly fund exploration expenditures on a pro rata basis.

As a result of the sale to Polo, AXMIN realized a gain of $7.5 million, ($7.4 million net of legal costs). Under the IFRS rules, exploration and evaluation assets relating to the Sierra Leone project have been expensed, and therefore, the full amount of the consideration received was recognized and reported as a gain from the discontinued operations as described further in note 7.

Under the IFRS rules, the remaining 49% interest plus the free carry interest in the project was fair valued and reported as an investment in Nimini in the amount of $8.2 million.

As per the shareholder agreement, AXMIN is party to a joint venture with Polo without a joint control, nor it exercise control over financial and operating policies of the project. The board composition includes three nominees from Polo and two nominees from AXMIN, resulting in a significant influence over the project from AXMIN.

During the period ended September 30, 2011 AXMIN conducted a drilling program targeting resource expansion at its wholly-owned Komahun Gold Project. The initial results of the drilling campaign confirm the resource upside potential exists at Komahun.

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

On 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).

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

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

Senegal
In November 2010, Teranga earned a 51% interest in AXMIN's Senegal Permits (Sonkounkou, Heremakono and Sabodala NW) by expending $2.5 million. At that time, AXMIN elected not to participate in further expenditures funding and expressed its intent to dilute further to 20%. As at September 30, 2011, the status of AXMIN's interest remains the same.

During the period ended September 30, 2011, Teranga conducted successful exploration program, which identified an inferred resource of 106,000 contained ounces of gold (543,000 tonnes at 6.0 g/t Au). As a result, Teranga earned its 80% interest by spending the $3.5 million in exploration expenditures. As at September 30, 2011, management's intent is to maintain its 20% interest.

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

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

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

There were no exploration and development costs incurred for the Mavita project during the period ended September 30, 2011.

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

In aggregate, the Company incurred a total of $3,270 in exploration, evaluation and development costs during the period ended September 30, 2011, ($1,529 in 2010) and the full amount was expensed and included in the consolidated statements of operations and comprehensive loss.

5. Property, plant and equipment

	Equipment	Building	Leasehold improvements	Total
Cost as at January 1, 2010	3,026	102	613	3,741
Additions	-	-	-	-
Disposals	(941)	-	-	(941)
Cost as at December 31, 2010	2,085	102	613	2,800
Additions	-	-	-	-
Cost as at September 30, 2011	**2,085**	**102**	**613**	**2,800**

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

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6. Acquisitions

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

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

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

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

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

As of September 30, 2011, the cumulative loss from AfNat's operations from the acquisition date has amounted to $1,626.

Goodwill

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

	AfNat
Balance, January 1, 2010	-
Acquisition of Afnat, June 14, 2010	2,236
Changes to goodwill during the year	-
Balance, December 31, 2010	2,236
Changes to goodwill during the period	-
Balance, September 30, 2011	2,236

AXMIN's operations are primarily exploration and development and there are no reporting units generating cash, therefore allocation of goodwill to cash generating units is not applicable and the entire amount of goodwill has been allocated to one reporting unit, the Passendro gold project in the CAR. The acquisition of AfNat resulted in many benefits to AXMIN. The former President and CEO of AfNat became the new President and CEO of AXMIN, cash resources increased by $10.3 million along with the marketable securities available for sale increased liquidity for the Company. The new CEO has extensive experience in

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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, 2010. 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 4b, on September 28, 2011, AXMIN closed the sale of 51% 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 $7.5 million. Under the terms of the agreement, Polo and AXMIN hold 51% and 49% interest, respectively, in Nimini, and Polo is to solely fund the first $2 million of the project exploration expenditures.

As a result of the sale to Polo, AXMIN realized a gain of $7.5 million, ($7.4 million net of legal costs) reported as a gain from the discontinued operations. The gain from the sale to Polo is further increased by $7.2 million for the fair value of the 49% residual interest in Nimini plus the free carry interest in the project attributed to AXMIN of $1.0 million. The total gain, (net of legal costs) resulting from this sale transaction in the amount of $15.6 million is included in the gain from the discontinued operations in the consolidated statement of operations and comprehensive loss.

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

Mali
On March 31, 2010, the Company announced the execution of a definitive agreement pertaining to the sale of its Kofi Gold Project and other ancillary permits in Mali to Avion (AVR-TSX) for proceeds of up to C$500 cash and up to 4,500,000 common shares of Avion. As described in note 4, the sale of six permits was completed 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 September 30 were as follows:

	2011	2010
General exploration costs	**(192)**	(402)
Asset impairment	**-**	(985)
Current income tax expense	**-**	(121)
Other expenses	**(55)**	(15)
Loss from discontinued operations	**(247)**	(1,523)
Consideration received on disposal – Mali	**180**	-
Net consideration received on disposal – Sierra Leone	**7,407**	-
Fair value of retained interest in Nimini	**7,206**	-
Fair value of free-carry interest in Nimini	**980**	-
Gain on disposal of marketable securities	**250**	-
Net gain (loss) from discontinued operations, net of income taxes	**15,776**	(1,523)

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The following table details the assets and liabilities related to the discontinued operations as at September 30, 2011 and September 30, 2010.

	2011	2010
Cash and cash equivalents	**16**	32
Exploration and development costs	**1,038**	3,460
Assets of discontinued operations	**1,054**	3,492
Accounts payable and accrued liabilities	**326**	121
Liabilities of discontinued operations	**326**	121

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

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

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

8. Share capital

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

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

During the period ended September 30, 2011, the Company issued an aggregate of 302,843 common shares of AXMIN for total fair value of $36 as a consideration for consulting services paid to an independent geologist. The full amount of $36 has been capitalized to mineral properties.

As a result of the above transactions, the share capital increased to 628,271,747 common shares as at September 30, 2011.

As of September 30, 2011 the Company's significant shareholder, AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited, held 161,844,752 (2010 - 153,594,752) common shares and 22,550,000 (2010 - 40,966,667) common share purchase warrants, representing approximately 26% (2010 - 28%) of AXMIN's issued and outstanding common shares on a non-dilutive basis.

There were no common share purchase warrants issued or exercised during the period ended September 30, 2011. There were 34,961,345 common share purchase warrants issued during the period ended September 30, 2010 at fair value of $1,505. Warrants expired totalled to 4,995,120 and 15,480,300 during the period ended September 30, 2011 and September 30, 2010 respectively.

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

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

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

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

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

On June 14, 2010, the Company issued an aggregate of 206,267,300 common shares valued at C$0.10 fair market value and 14,961,345 common share purchase warrants as consideration for acquisition of all of the outstanding securities of AfNat as described in note 6. The total fair value of the shares issued amounted to C$20.6 million ($19.9 million) less share issuance cost of C$30 ($29). The fair value of the common share purchase warrants amounted to C$407 ($395). The fair value of the warrants was determined using the Black Scholes Option pricing model with the following assumptions:

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

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

During the period ended September 30, 2011, the Company granted an aggregate of 4,700,000 options, of which 1,200,000 are exercisable at C$0.14 each and 3,500,000 are exercisable at C$0.10 each and expiring five years from the date of issue. During the period ended September 30, 2010, the Company granted an aggregate of 23,350,000 stock options exercisable at C$0.10 each and expiring on June 28, 2015. A total of $668 in share-based compensation has been expensed for the period ended September 30, 2011.

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

	2011	2010
Assumptions:		
Weighted average risk-free interest rate	**2.98%**	3.03%
Expected stock price annual volatility	**110%**	111%
Weighted average expected life (years)	**4.8**	4.7
Estimated forfeiture rate	**3.88%**	4.08%
Expected dividend yield	**0.0%**	0.0%
Weighted average fair value cost per option	**0.24**	0.26

As at September 30, 2011, 35.2 million (2010 - 26.5 million) options are available for future issuance under the Plan.

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As at September 30, 2011, common share stock options held by directors, officers and employees are as follows:

	Outstanding			**Exercisable**	
Range of exercise prices -C$ (dollars)	Number of options	Weighted average exercise price - C$ (dollars)	Weighted average remaining contractual life in years	Number of options	Weighted average exercise price - C$ (dollars)
0.05 to 0.10	24,700,000	0.10	3.84	17,012,500	0.10
0.11 to 0.30	1,900,000	0.14	3.72	1,225,000	0.14
0.31 to 0.70	250,000	0.45	1.73	250,000	0.45
0.71 to 1.00	550,000	0.94	0.67	550,000	0.94
	27,400,000	0.12	3.75	19,037,500	0.13

	Number of options	Weighted Average Exercise Price -C$(dollars)
Balance, January 1, 2010	5,505,000	0.65
Options granted	23,500,000	0.10
Options expired/cancelled	(1,380,000)	0.62
Options exercised	-	-
Balance as at December 31, 2010	27,625,000	0.18
Options granted	4,700,000	0.10
Options expired/cancelled	(4,925,000)	0.71
Options exercised	-	-
Balance at September 30, 2011	**27,400,000**	**0.12**

9. Related Parties

a) During the period ended September 30, 2011 and 2010, the Company incurred:

i) $462 (2010 - $483) in legal services provided by a partnership related to a director of the Company. At September 30, 2011, $136 (2010 - $90) was due to this partnership.

ii) $0 (2010 - $22) in management services from the Addax and Oryx Group Limited, ("AOG"). As of June 30, 2010 the management fee is no longer payable, and the balance owing to AOG was fully paid in July, 2010.

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

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

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

10. Commitments and contingencies

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

	September 30, 2011	December 31, 2010
Less than 1 year	**148**	**136**
1 - 3 years	**160**	**191**
4 - 5 years	**-**	**-**
Total	**308**	**327**

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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 September 30, 2011, the following activities impacted the accumulated other comprehensive income balance:

	September 30, 2011	December 31, 2010
Balance, beginning of period	**2,774**	801
- Changes in fair value on available- for-sale financial assets arising during the period	**(878)**	2,343
- reclassification adjustments for gains and losses recorded in earnings during the period	**(1,653)**	(874)
- effects of foreign currency translation	**80**	504
Balance, end of period	**323**	2,774

12. Segmented information

The Company operates in one industry segment: mineral exploration and development. During the period ended September 30, 2011, the Company, or its joint venture partners, conducted its exploration activities in CAR, Sierra Leone, Senegal and Mozambique.

13. Capital management

The Company manages its cash and cash equivalents, common shares, stock options, and warrants as capital. The policy of the Board of Directors of the Company is to maintain a strong capital base so as to sustain future development of the business and maintain investor, creditor and market confidence. To meet these objectives the Company monitors its financial position on an ongoing basis.

14. Financial instruments and risk management

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

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

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

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

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's objective is to maintain sufficient liquid resources to meet operational requirements. As of September 30, 2011, the Company had cash and cash equivalents of $9,047, (2010 - $1,310). 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 at that time.

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Investment in Avion Gold Corporation ("Avion")
As indicated in note 7 and note 4, as of September 30, 2011 AXMIN held 56,250 shares of Avion classified as available-for-sale securities. During the period ended September 30, 2011, upon expiry of the four-month hold period, the Company sold 1,518,750 for a net proceeds of $2,879 resulting in a net gain on disposal of $250 included in the total loss from the discontinued operations as described in note 7. On September 30, 2011 the fair value of the shares was C$2.01 compared to C$1.94 on June 30, 2011, C$1.68 on March 31, 2011 and to $1.97 on December 31, 2010 resulting in an unrealized loss of $19 reported in other comprehensive income.

Marketable Securities acquired from AfNat
As part of the acquisition of AfNat on June 14, 2010 (refer to note 6 for details), the Company acquired the following investments in marketable securities which have been classified as available-for-sale:

- Investment in Niger Uranium Limited

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

- Investment in Kalahari Minerals PLC

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

- Investment in Copper Development Corporation ("CDC")

CDC was a private company until mid December 2010 when it became a public company. CDC has a stake in the Hinoba copper project located in the Philippines. The Company held 9,571,427 shares of CDC, which were purchased in four tranches for a total value of $3,050. The shares were sold on January 10, 2011 at 0.30 GBP per share amount to net proceeds of 2,866 GBP ($4,453), resulting in the realized gain of $1,403.

The following table shows the composition of available-for-sale securities disposed and the realized gain on disposal for the period ended September 30, 2011 and 2010.

	Fair Value on Dispositions		**Cost**		**Realized Gain (Loss)**	
	2011	2010	**2011**	2010	**2011**	2010
Copper Development Corporation	**4,453**	-	**3,050**	-	**1,403**	-
Avion Gold Corporation	**2,879**	-	**2,629**	-	**250**	-
Kalahari Minerals PLC	**-**	190	**-**	189	**-**	1
Noble Resources	**-**	743	**-**	-	**-**	743

The following table shows the composition of the fair value for available- for- sale securities as of September 30, 2011 and 2010.

	2011 # of Shares	**2011 Fair Value**	2010 # of Shares	2010 Fair Value
Avion Gold Corporation	**56,250**	**113**	-	-
Niger Uranium shares	**-**	**-**	13,285,013	953
	56,250	**113**	13,285,013	953

(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.

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The Company maintains certain of its cash and cash equivalents in the Canadian dollar and British pound and is thus susceptible to market volatility as cash balances are revalued to the functional currency of the Company. The rate published by the Bank of Canada at the close of September 30, 2011 was 1.0482 Canadian dollars to 1 US dollar and 1.62 Canadian dollars to 1 UK pound sterling. Based on the balances at September 30, 2011, income will increase or decrease by $608 and $940 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 September 30, 2011 is US$8,127 and 31 in GBP.

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

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

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

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

The following table presents the Company's financial assets and liabilities measured at fair value within the fair value hierarchy as at September 30, 2011:

	Total	**Level 1**	**Level 2**	**Level 3**
Financial Assets:				
Cash and cash equivalents	9,047	9,047	-	-
Available-for-sale securities	113	113	-	-
Accounts receivable	3,496	3,187	309	-
	12,656	12,347	309	
Financial Liabilities:				
Current liabilities	4,966	680	4,286	-
Long-term liabilities	-	-	-	-
	4,966	680	4,286	-

15. Transition to IFRS

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, using accounting policies the Company expects to adopt for the year ending December 31, 2011 in accordance with IFRS. The Company previously prepared its financial statements in accordance with Canadian GAAP for periods up to and including December 31, 2010. The accounting policies and the effects of the changeover to IFRS as at January 1, 2010, for the three months period ended March 31, 2010 and for the year ended December 31, 2010 have been disclosed in the interim condensed consolidated financial statements for the three months ended March 31, 2011.

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows for the three and nine months ended September 30, 2010 is set out below.

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

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

Reconciliation of Consolidated Statement of Financial Position

	As at September 30, 2010			As at December 31, 2010		
	Canadian GAAP	**IFRS Adjustments**	**IFRS**	**Canadian GAAP**	**IFRS Adjustments**	**IFRS**
Assets						
Current Assets						
Cash and cash equivalents	1,310	-	1,310	9,278	-	9,278
Available-for-sale marketable securities	953	-	953	6,559	-	6,559
Accounts receivable	330	-	330	138	-	138
Accounts receivable – other	-	-	-	3,060	-	3,060
Prepaid expenses and deposits	100	-	100	223	-	223
	2,693	**-**	**2,693**	**19,298**	**-**	**19,298**
Mineral properties *(note c)*	45,520	(27,896)	17,624	43,898	(27,101)	16,797
Property, plant and equipment	2,832	-	2,832	2,800	-	2,800
Goodwill	2,236	-	2,236	2,236	-	2,236
Assets of discontinued operations	3,492	-	3,492	1,230	-	1,230
Long Term Investment	3,050		3,050			
Long-term receivable	-	-	-	1,530	-	1,530
Other assets, net	52	-	52	48	-	48
	59,875	**(27,896)**	**31,979**	**71,040**	**(27,101)**	**43,939**
Liabilities and shareholders' equity						
Current and Long-term liabilities						
Accounts payable and accrued liabilities	897	-	897	937	-	937
Amounts payable to Govt of the CAR	2,830	-	2,830	2,902	-	2,902
Current portion of shareholder loan	-	-	-	548	-	548
Amounts due to related parties	90	-	90	90	-	90
Unrealized fair value of derivative *(note d)*	-	1,900	1,900	-	1,860	1,860
Liabilities of discontinued operations	121	-	121	326	-	326
	3,938	1,900	5,838	4,803	1,860	6,663
Long-term payable to the CAR Govt	2,560	-	2,560	2,627	-	2,627
Shareholder loan – long-term	1,649	-	1,649	1,197	-	1,197
	8,147	**1,900**	**10,047**	**8,627**	**1,860**	**10,487**
Shareholders' equity						
Share capital	127,060	-	127,060	133,038	-	133,038
Warrants reserve *(note d)*	2,725	(1,110)	1,615	5,391	(1,110)	4,281
Stock option reserve *(note b)*	8,333	172	8,505	9,274	393	9,667
Deficit *(note b, c and d)*	(86,443)	(28,976)	(115,419)	(87,560)	(28,748)	(116,308)
Accumulated other comprehensive income *(note a)*	53	118	171	2,270	504	2,774
	51,728	(29,796)	21,932	62,413	(28,961)	33,452
	59,875	**(27,896)**	**31,979**	**71,040**	**(27,101)**	**43,939**

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

Reconciliation of Consolidated Statement of Loss and Comprehensive Loss

	Three Months Ended September 30, 2010			**Nine Months Ended September 30, 2010**		
	Canadian GAAP	**IFRS Adjustments**	**IFRS**	**Canadian GAAP**	**IFRS Adjustments**	**IFRS**
Expenses						
Administration	1,811	-	1,811	4,488	-	4,488
Exploration and development costs *(note c)*	-	270	270	-	1,529	1,529
Loss on disposal of assets	60	-	60	375	-	375
share-based compensation *(note b)*	225	172	397	682	162	844
	2,096	**442**	**2,538**	**5,545**	**1,691**	**7,236**
Other Income						
Loss (gain) on foreign exchange	(287)	-	(287)	(43)	-	(43)
Gain on sale of securities available-for-sale	(758)	-	(758)	(758)	-	(758)
Change in fair value of derivatives	-	790	790	-	790	790
Interest expense, net	37	-	37	92	-	92
	(1,008)	790	(218)	(709)	790	81
Loss from continuing operations before income taxes	**1,088**	**1,232**	**2,320**	**4,836**	**2,481**	**7,317**
Future income tax recovery on warrants expired	(195)	-	(195)	(195)	-	(195)
Net loss from continuing operations for the period	**893**	**1,232**	**2,125**	**4,641**	**2,481**	**7,122**
Loss (gain) from discontinued operations, net of income taxes	**115**	**-**	**115**	**1,523**	**-**	**1,523**
Net loss for the period	**1,008**	**1,232**	**2,240**	**6,164**	**2,481**	**8,645**
Other comprehensive income						
Changes in unrealized loss (gain) on available-for-sale financial assets during the period	(53)	-	(53)	55	-	55
Effect of foreign currency translation *(note a)*	-	124	124	-	526	526
Comprehensive loss for the period	**955**	**1,356**	**2,311**	**6,219**	**3,007**	**9,226**
Net Loss (gain) per common share basic and diluted)						
Continuing operations	0.002	0.003	0.005	0.012	0.006	0.018
Discontinued operations	0.000	-	0.000	0.004	-	0.004
Basic and diluted loss per common share	**0.002**	**0.003**	**0.005**	**0.016**	**0.006**	**0.022**
Weighted average number of common shares outstanding	**394,114,191**	**-**	**394,114,191**	**391,288,104**	**-**	**391,288,104**

Reconciliation of Consolidated Statement of Cash Flows from Canadian GAAP to IFRS

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

Notes for Reconciliations from Canadian GAAP to IFRS – TO UPDATE

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

The Company's functional currency under Canadian GAAP was the U.S. dollar. Under IFRS, the Company has determined that its functional currency is the Canadian dollar. The Company's presentation currency continues to be the U.S. dollar. The effect of this change is primarily related to the translation of the Company's cash, amounts receivable and debts on the consolidated statement of financial position and the resulting foreign exchange gains and losses on the consolidated statement of loss and comprehensive loss. Unrealized gains and losses resulting from the translation to the U.S. dollar presentation currency have been included in other comprehensive income. As a result of this change, an unrealized loss of $124, an unrealized loss of $526 has been reported for the three month period ended September 30, 2010, and the nine months period ended September 30, 2010 respectively.

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

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

At the transition date, the impact of IFRS 2 adoption is insignificant, $10 which has been reflected in the Stock Option Reserve and Accumulated Deficit. Further adjustments of $172 and $162 were made for the three-month period ended September 30, 2010, and the nine months period ended September 30, 2010, respectively.

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

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

On transition to IFRS, $26,485 of capitalized exploration costs existed as at January 1, 2010 and these costs were capitalized before the updated feasibility study and mining exploitation permit were completed and have been derecognized and expensed in the accumulated deficit. The balance of $27,896 in exploration costs were expensed as at and for the nine months period ended September 30, 2010.

d) IAS 39 – Financial Instruments
Under IFRS, warrants that are denominated in currency other than functional currency of the Company are classified as derivatives liability and are re-valued at fair value at each reporting period. The change in fair value is recorded in the consolidated statement of operations and comprehensive loss. There were no derivative liabilities at the transition date. For the year ended December 31, 2010, warrants denominated in USD currency in the amount of $1,110 were reclassified from warrants reserve to the derivatives liability and an increase of $750 was recorded due to increase in fair value resulting in $1,860 balance. The fair value of the derivatives liability increased to $1,900 as at September 30, 2010.