AXMIN Inc.

Interim Condensed Consolidated Financial Statements
For the Three and Nine Months ended September 30, 2016 and 2015

(Expressed in United States dollars)

(Unaudited)

Notice of No Review of Interim Condensed Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed consolidated financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim condensed consolidated financial statements by an entity's auditor.

Interim Condensed Consolidated Statements of Financial Position

(Nature of operations and going concern – *Note 1*)
(Expressed in United States dollars)
See accompanying notes to the interim condensed consolidated financial statements

	As at September 30, 2016 (Unaudited)	As at December 31, 2015 (Audited)
Assets		
Current assets		
Cash and cash equivalents	**299,540**	14,039
Short term investment	**-**	72,254
Receivables *(note 4)*	**172,008**	258,939
Prepaid expenses and deposits	**2,424**	2,272
	473,972	347,504
Total Assets	**473,972**	347,504
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**1,567,443**	1,661,946
Amounts due to related parties *(note 8)*	**190,783**	329,284
Due to shareholder loans *(note 8)*	**-**	206,257
Liabilities of discontinued operations *(note 6)*	**323,103**	323,103
	2,081,329	2,520,590
Total Liabilities	**2,081,329**	2,520,590
Commitments and contingencies *(note 4 and 9)*		
Shareholders' Deficit *(note 7)*		
Share capital	**139,494,998**	139,494,998
Warrants reserve	**7,868,733**	7,868,733
Stock options reserve	**8,829,807**	8,820,589
Deficit	**(159,272,651)**	(159,866,900)
Accumulated other comprehensive income	**1,471,756**	1,509,494
Total Shareholders' Deficit	**(1,607,357)**	(2,173,086)
Total Liabilities and Shareholders' Deficit	**473,972**	347,504

On Behalf of the Board of Directors

"Signed"

Lucy Yan, CEO and Director

"Signed"

David de Jongh Weill, Independent Lead Director

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Expressed in United States dollars except share and per share data)
(Unaudited)

	Three month period ended September 30,		Nine month period ended September 30,	
	2016	2015	**2016**	2015
Revenue				
Royalty income *(note 5)*	**165,794**	-	**855,098**	-
	165,794	-	**855,098**	-
Expenses				
Consulting fees	**26,430**	24,000	**78,243**	75,000
Director fees	**10,477**	9,524	**22,679**	29,762
General admin expenses	**21,068**	18,246	**55,036**	50,926
Interest & Bank Charges	**459**	1,051	**7,864**	15,767
IT Support Expenses	**-**	259	**-**	5,864
IR expenses	**1,151**	1,699	**3,591**	5,746
Professional fees	**6,555**	(607)	**24,074**	30,376
Rental expenses	**8,881**	11,133	**20,678**	30,882
Salaries and wages	**11,239**	23,724	**34,825**	74,467
Share-based compensation (*note 7*)	**3,308**	12,401	**9,218**	12,401
Travel expenses	**10**	-	**1,512**	-
	89,578	101,430	**257,720**	331,191
Other income				
Gain (loss) on foreign exchange	**(13,900)**	(25)	**(3,945)**	1,276
Interest income	**144**	-	**816**	-
	(13,756)	(25)	**(3,129)**	1,276
Net income (loss) for the period	**62,460**	(101,455)	**594,249**	(329,915)
Other comprehensive income (loss)				
Foreign currency translation	**12,078**	99,491	**(37,738)**	210,850
Other comprehensive income (loss)	**12,078**	99,491	**(37,738)**	210,850
Total comprehensive income (loss)	**74,538**	(1,964)	**556,511**	(119,065)
Net income (loss) per common share (basic and diluted)	**0.001**	(0.003)	**0.004**	(0.007)
Basic and diluted income (loss) per common share	**0.001**	(0.003)	**0.004**	(0.007)
Weighted average number of common shares outstanding	**130,497,381**	115,903,470	**130,497,381**	115,903,470

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statements of Changes in Shareholders' Deficit

(Expressed in United States Dollars except share data)
(Unaudited)

For the nine months period ended September 30,		**2016**		2015
	Number	**Amount ($)**	Number	Amount ($)
Share Capital				
Authorized: Unlimited common shares				
Issued: Common shares				
Balance, beginning of period	**130,497,381**	**139,494,998**	108,940,881	139,088,914
Shares issued during the period *(note 7)*	**-**	**-**	21,556,500	406,084
Balance, end of period	**130,497,381**	**139,494,998**	130,497,381	139,494,998
Warrants Reserve				
Balance, beginning of period	**-**	**7,868,733**	28,933,332	7,868,733
Warrants issued	**-**	**-**	-	-
Warrants expired	**-**	**-**	-	-
Balance, end of period	**-**	**7,868,733**	28,933,332	7,868,733
Stock Options Reserve				
Balance, beginning of period		**8,820,589**		8,808,371
Share-based compensation		**9,218**		12,401
Balance, end of period		**8,829,807**		8,820,772
Deficit				
Balance, beginning of period		(**159,866,900)**		(159,734,747)
Net income (loss) for the period		**594,249**		(329,915)
Balance, end of period		**(159,272,651)**		(160,064,662)
Accumulated other comprehensive income, net of tax				
Balance, beginning of period		**1,509,494**		1,241,933
Other comprehensive income (loss)		**(37,738)**		210,850
Balance, end of period		**1,471,756**		1,452,783
Shareholders' deficit, end of period		**(1,607,357)**		(2,427,376)

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(Expressed in United States Dollars)
(Unaudited)

For the nine months period ended September 30,	**2016**	2015
Operating Activities		
Net income (loss)	**594,249**	(329,915)
(Gain) loss on foreign exchange	**3,945**	(1,276)
Share-based compensation *(note 7)*	**9,218**	12,401
	607,412	(318,790)
Changes in non-cash working capital		
Accounts receivable	**76,541**	10,822
Prepaid expenditures	**(170)**	32,686
Accounts payable and accrued liabilities	**(105,797)**	(95,017)
Due to related parties	**(155,055)**	64,827
Net cash inflow (outflow) from operating activities	**422,931**	(305,472)
Investing Activities		
Redemption of GIC *(note 13)*	**72,254**	-
Net cash inflow from investing activities	**72,254**	-
Financing Activities		
Proceeds from issuance of shares, net of transaction costs *(note 7)*	**-**	406,084
Repayment of loans to shareholder *(note 8)*	**(206,257)**	-
Net cash inflow (outflow) from financing activities	**(206,257)**	406,084
Effect of exchange rate changes	**(3,427)**	7,862
Change in cash and cash equivalents during the period	**285,501**	108,474
Cash and cash equivalents, beginning of period	**14,039**	27,800
Cash and cash equivalents, end of period	**299,540**	136,274
Supplemental Cash Flow Information		
Interest paid	**35,766**	-
Income taxes 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 Canada Business Company Act and is an international mineral exploration company with an exploration portfolio in central, east and West Africa. A major 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 ("CAR"). The Company holds its interest in this property 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. The corporate office is located in Vancouver at 1111 Alberni Street , Suite 2209, Vancouver, BC V6E 4V2, Canada.

The Company is in the development stage. Aside from the properties that comprise of the Passendro project, it has not yet determined whether other properties in its exploration portfolio contain resources that are economically recoverable. The recoverability of the amounts shown for mineral properties costs is dependent upon the ability of the Company to secure adequate financing to meet the capital required to successfully complete the exploration and development of the project, the political risk relating to obtaining all necessary permits and maintaining the licences in good standing, the future profitable production or proceeds from the disposition of such properties and its ability to continue as a going concern. 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. As at September 30, 2016, the Company determined the Passendro project is impaired in its entirety.

For the nine months ended September 30, 2016, the Company incurred a net income of $594,249 (nine months ended September 30, 2015 – net loss $329,915). Although the Company has generated royalty income, the royalty income achieved to date has not generated sufficient cash to discharge all of the Company's liabilities. As at September 30, 2016, the Company has an accumulated deficit of $159,272,651 and had negative working capital of $1,607,357. The Company also did not have sufficient cash to fund the development of the Passendro Project and its other properties.

All of these factors raise significant doubt about the Company's ability to continue as a going concern. 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. The Company will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities. As a result, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and accordingly use accounting principles applicable to 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 royalty income, issuance of shares, and the availability of project financing. Management expects that it will be able to fund its immediate cash requirements and will require additional funding to allow the Company to continue future exploration and development activities. However, there can be no assurances that the Company's financing activities will be successful or that sufficient funds can be raised in a timely manner or on terms satisfactory to the Company. In 2015, AXMIN completed a two stage private placement with Shanghai Shenglin Trading Co., Ltd ("Shenglin Trading") and existing shareholders for aggregate gross proceeds of $406,084 (C$513,913).

These interim condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities, that might be necessary and material should the Company not be able to continue as a going concern.

2. Basis of preparation – statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements have been prepared following the same accounting policies as the audited annual consolidated financial statements for the year ended December 31, 2015. They are condensed as they do not include all of the information required for full annual financial statements in accordance with the International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2015.

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

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

Basis of Presentation

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies. The Company's accounting policies have been applied consistently in preparing 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 Board of Directors on November .

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and subsidiaries as at September 30, 2016.

Control is achieved when the Company has (i) power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee and (iii) has the ability to use its power to affects it returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of three elements of control previously mentioned.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases control of the subsidiary.

All Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

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

AXMIN Limited (BVI)	*100% owned*
Aurafrique SARL (CAR)	*100% owned*
SOMIO Toungou SA (CAR)	*100% owned*
AXMIN RCA SARL (CAR)	*100% owned*
ToPex Limited (BVI)	*100% owned*

*(On July 20, 2015, AXMIN closed its wholly owned subsidiaries of AfNat Resources Limited and M.R.Nickel (Bermuda) Limited. On July 17, 2015, AXMIN wound up its wholly owned subsidiary Ferrum *Centrafrique SA (CAR)*).

The Company does not have interests in any associated companies or in any joint arrangements with either joint control or significant influence.

The Company is a party to a joint arrangement without joint control or significant influence through its joint venture agreement with Sabodala Mining Company SARL ("SMC"), in Senegal. Although the Company has actual and potential royalty interests in the project, the Company has no power to direct relevant operational and financing activities such as operating policies, capital decisions, key management, appointments or project management, and thus has no joint control or significant influence. The joint venture agreement and royalty interests are described in note 5b.

Significant accounting judgments, estimates and assumptions

Significant judgements that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effects on the amounts recognized in the Company's interim condensed consolidated financial statements are as follows:

(a) Determination of economic viability
Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable except for those determined as impaired. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits, life of mine plans and availability of funding.

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

(b) Going concern
The Company has determined it 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, thus it has the ability to continue as a going concern.

(c) Functional Currency
The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency the Company analyzed both the primary and secondary factors, including the currency of the Company's operating costs in both Canada and Africa, and sources of equity financing. The Company has determined the functional currency of the parent is the Canadian dollar and the functional currencies of the wholly owned subsidiaries are US dollars.

The preparation of interim condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed 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 used in the preparation of the interim condensed consolidated financial statements include, but are not limited to:

(a) The recoverability of mineral property and goodwill related to it;
(b) Deferred income taxes;
(c) Share based compensation valuation assumptions; and
(d) Asset carrying values and impairment charges.

While management believes that these estimates and assumptions are reasonable, actual results may differ from the amounts included in the consolidated financial statements.

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

(b) Deferred taxes
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized and recognized deferred tax assets.

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

(c) Share based compensation valuation assumptions
The significant assumptions with respect to share-based payment expense include an estimate of the volatility of the Company's shares, the expected life of the options, and the number of options expected to vest which are subject to measurement uncertainty.

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

Standards issued but not yet effective

The accounting policies applied in preparation of these interim condensed consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2015. The Company did not adopt any new accounting standard changes or amendments effective January 1, 2016 that had a material impact on these interim condensed consolidated financial statements.

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

IFRS 9 Financial Instruments (2014)
This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized

- **Hedge accounting**. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

- **Derecognition**. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning on August 1, 2018.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15 which replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates. The standard is effective for annual periods beginning on or after January 1, 2018; early application is permitted either following a full retrospective approach or a modified retrospective approach. The modified retrospective approach allows the standard to be applied to existing contracts beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2018. The extent of the impact of adoption of IFRS 15 has not yet been determined.

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

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

IFRS 16 Leases
On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the impact of adoption of IFRS 16 has not yet been determined.

4. Receivables

The Company's receivables arise from royalty receivable related to Senegal Project (Note 5), goods and services tax and harmonized sales taxes receivable from government taxation authorities as follows:

	September 30, 2016	December 31, 2015
Royalty income receivable	**165,794**	252,934
Refundable taxes	**6,214**	6,005
	172,008	258,939

Royalty income receivable in the amount of $165,795 has been received subsequent to the period ended September 30, 2016 (2015 - $nil).

5. Exploration and evaluation assets

a) *Mineral properties*

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 two Exploration Licences, Bambari 1 and 2 (1,240 sq km), also granted in August 2010. The Bambari properties had been the subject of substantial exploration by AXMIN since the discovery of the Passendro project. The Passendro project is situated in the centre of the Mining Licence which is ring-fenced by the two Bambari Exploration Licences.

On October 15, 2013, the Government of the CAR signed the Decree No. 13.412, stating that the duration of the validity of the Bambari 1 and 2 Exploration Licences held by Aurafrique SARL, a wholly owned CAR registered subsidiary of the Company, were extended for a period of one year from August 7, 2013 to August 6, 2014.

On October 15, 2013, the Government of the CAR granted SOMIO Toungou SA, a wholly-owned subsidiary of the Company, a one-year extension of the exemption from starting the development and pre-production work at the Passendro Gold Project. The period of the extension of the exemption is valid from January 11, 2014 to January 10, 2015.

On October 18, 2013, the Government has certified that the Mining Licence held by SOMIO Toungou, which was originally granted to the Company on August 5, 2010, remains valid for a period of twenty-five years from the date of the grant.

The Company has been actively negotiating with the new CAR government representatives for another extension to the exemption from starting development and pre-production work at the Passendro Gold Project, which exemption was valid until January 10, 2015. In addition, the Bambari 1 and 2 Exploration Licences were subject to renewal on or before August 7, 2014. Due to the current political environment in the CAR, the Company has not able to file applications for the renewal of such Exploration Licences. As at September 30, 2016, the Company intends to continue negotiations with the CAR government and file the renewal applications at the appropriate time. As of the date of this report, management is unable to determine when the negotiations will come to the end and accordingly when the renewal applications may be submitted and there is no assurance that the Company will be successful in obtaining the renewal of the Bambari 1 and 2 Exploration Licences.

5. Exploration and evaluation assets *(continued)*

Force Majeure
In 2012, AXMIN announced that it officially notified the Minister of Mines and Minister of Defence of the Central African Republic, as per its 2006 Mining Convention, of the existence of Force Majeure factors arising from the widely reported rebel activity in the country at that time.

AXMIN's operating camp based in close proximity to Ndassima Village was temporarily occupied on December 21, 2012 by rebels apparently en route to the major town of Bambari. In April 2013, AXMIN has received confirmed reports that all facilities, tools, equipment and vehicles on site were stolen or destroyed by the rebels or by the locals. As a result of this rebel activity, camp operations in CAR have been suspended and have been limited to administrative office activity in Bangui only.

On October 15, 2013, the Government of the CAR ("Government") officially acknowledged the considerable monetary losses the Company sustained, which was estimated to be approximately US$38 million, at its operations in the capital city of Bangui and at its Ndassima camp located 60 km north of the town of Bambari. In response to those losses, the Government has consented to a compensation of 50 percent of all taxes, rights and taxations, but did not specify the applicable time period. Given the uncertainty of the Government compensation, the Company has not accrued any compensation.

Impairment charges on mineral properties
Impairment in the amount of $37,346,576 was recognized as at December 31, 2013 on the Bambari properties to reflect the decrease in their recoverable value as the result of the current political turmoil in CAR. The new government of the CAR might adopt different policies respecting foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting mining policies, ownership of mineral assets and might extend to expropriation of mineral assets. The recoverable amount of the Company's Bambari properties is $nil based on management's estimate of the asset's fair value less costs to sell ("FVLCD").

As at September 30, 2016, there has been no significant change in the assumptions used to determine the FVLCD since the impairment loss was recognized in 2013.

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

<u>*Senegal*</u>
In July 2011, through its wholly-owned subsidiary SMC, Teranga Gold Company ("Teranga") earned 80% interest in Sounkounkou, Heremokono and Sabodala NW exploration licences (the "Senegal Project") located in the Birimian belt of eastern Senegal, by spending $6 million on exploration. AXMIN has retained a 20% interest in the Project.

On February 28, 2012, as a result of Teranga advancing the Gora deposit towards development, AXMIN and its joint venture partner SMC had agreed to amend the original 2008 joint venture agreement to more adequately represent AXMIN's interest in the exploration potential of the Senegal licences. The amended joint venture and royalty agreement (the "Agreement") supersedes and replaces the original joint venture agreement. As per the Agreement, AXMIN had a free-carried interest of $2.5 million, with respect to the Target Areas work costs starting from October 1, 2011, after which both parties are to jointly fund Target Area work costs on a pro-rata basis. As of September 30, 2016, the free-carried interest balance is $nil.

The Agreement also stipulates that AXMIN can make an election to convert its 20% interest in Target Area into a Royalty interest (a "Royalty Election"). If a Royalty Election is made, then SMC must pay to AXMIN a Royalty interest of 1.5% of Net Smelter Returns ("1.5% NSR") from the sale or disposition of Minerals produced in the specified Target Area. SMC will solely fund all finance work costs for each of the Royalty Target Areas (being Target Areas have been made Royalty Election on). As of February 28, 2012, AXMIN elected to take a 1.5% NSR Royalty Interest in the Gora Deposit, located on the Sounkounkou permit.

On June 18, 2015, in addition to its royalty interest of 1.5% NSR in the Gora Target Area, AXMIN has elected to convert its 20% interests in another 15 Target Areas into a 1.5% NSR Royalty interest from each Target Area under the Agreement. On January 12, 2016, AXMIN elected to convert its 20% interest in one new Target area into a 1.5% NSR. Axmin's royalty rights are intended to continue and survive the Joint Venture and Agreement and remain tied to the permits themselves, irrespective of title holder. After these Royalty Elections, AXMIN holds a 1.5% NSR on 17 Royalty Target Areas in total and maintains 20% interests of Remainder Areas within the Senegal Project. The free carried interest of US$2.5 million granted to AXMIN under the Agreement has been depleted.

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

5. Exploration and evaluation assets *(continued)*

Gora Deposit began production in the third quarter of fiscal 2015. Royalty income in the amount of $855,098 has been recognized in the nine months ended September 30, 2016 (Year ended December 31, 2015 - $252,721).

Mozambique

At September 30, 2016 and December 31, 2015, given the impairment recognized in previous years, the residual value for Mavita Project was approximately $nil. In fiscal year 2015, management has decided not to extend its exploration licences which will be expired on August 4, 2015 and the Company has made an application to the local government to close AXMIN's 100% owned subsidiary of ZNML. It is still in the process of closing this subsidiary.

6. Dispositions

On June 30, 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. The assets, liabilities 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 assets and liabilities of discontinued operations as at September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	December 31, 2015
Exploration and development costs	**-**	-
Assets of discontinued operations	**-**	-
Accounts payable and accrued liabilities	**323,103**	323,103
Liabilities of discontinued operations	**323,103**	323,103

7. Share capital

On February 20, 2015, the Company's has closed the first tranche of its announced private placement (the "Offering") and has issued 8,556,500 Common Shares at C$0.025 per share for gross proceeds of C$213,913 (equivalent of $171,050), among which 8,000,000 Common Shares were issued to one investor and 556,500 Common Shares were issued to existing shareholders.

On March 11, 2015, the Company has closed the final tranche of the announced private placement. A total of 12,000,000 Common Shares have been issued to the investor, who subscribed 8,000,000 Common Shares at the first tranche of the Offering, for gross proceeds of C$300,000 (equivalent of $235,034). In connection with the Offering, AXMIN has paid a finder's fee in terms of 1,000,000 Common Shares equal to 5% of the gross proceeds raised from the Offering. Post-completion of the Offering AXMIN will have a total of 130,497,381 Common Shares issued and outstanding.

Share capital outstanding at September 30, 2016 was 130,497,381 (December 31, 2015: 130,497,381 common shares).

Warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted Average Exercise Price – C$(dollars)
Balance at December 31, 2014	28,933,332	0.36
Warrants expired	(26,433,332)	0.15
Warrants expired	(500,000)	0.63
Warrants expired	(2,000,000)	3.00
Balance at December 31, 2015 and September 30, 2016	**-**	-

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

7. Share capital *(continued)*

There were no common share purchase warrants issued or exercised during the nine months ended September 30, 2016 and 2015. No common share purchase warrants were outstanding as of September 30, 2016.

Stock Options

A summary of the changes in options is presented below:

	Number of options	Weighted Average Exercise Price – C$(dollars)
Balance at December 31, 2014	**300,000**	**0.93**
Options granted	3,950,000	0.025
Options expired	(250,000)	1.00
Balance at December 31, 2015	**4,000,000**	**0.032**
Options cancelled	(850,000)	0.025
Balance at September 30, 2016	**3,150,000**	**0.034**

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.

On September 18, 2015, the Company granted an aggregate of 3,950,000 options, exercisable at C$0.025 each and expiring five years from the date of issue (2014 – Nil). All of the options were vested equally over an 18 month period from the date of the grant (25% on the date of grant and 25% on each of the 6 (six) month, 12 (twelve) month and 18 (eighteen) month from the date of grant) and are exercisable in accordance with the terms of the Company's Stock Option Plan. Share-based compensation expense amounted to $ 9,218 for the nine months ended September 30, 2016 (September 30, 2015 - $12,401). No share-based compensation amount was capitalized for the nine months ended September 30, 2016 and 2015.

The fair value of the options is C$0.008 ($0.006) per unit calculated based on the Black-Scholes Model. The assumptions used for the calculation are as follows:

Stock price @ grant date	$ 0.010
Exercise price	$ 0.025
Expected Life of the Option	5.00
Volatility	125%
Annual Rate of Quarterly Dividends	0.00%
Risk-Free Rate	0.73%

As at September 30, 2016, 9.90 million (December 31, 2015 – 6.92 million on a post-consolidation basis) options are available for future issuance under the plan.

As at September 30, 2016, common share stock options held by directors, officers and employees and activity 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)
0.60	50,000	0.60	0.46	50,000	0.60
0.025	3,100,000	0.025	3.96	1,550,000	0.025
	3,150,000	0.034	3.92	1,600,000	0.043

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

8. Related party transactions

Related party balances

	September 30, 2016	December 31, 2015
	$	$
Dickson Resources Limited (a)	**-**	56,949
Kin Foon (Joe) Tai (b)	**8,577**	31,611
Bright Chiu (b)	**26,683**	39,740
David Weill (b)	**11,435**	30,708
Lucy Yan (c)	**144,088**	170,276
Total due to related parties	**190,783**	329,284
Shareholder loan – due on demand (d)	**-**	206,257

(a) Balance consists of an account payable to Dickson and the amount is unsecure, non-interest bearing and without fixed repayment terms.

(b) Balances consist of director fees and expenses reimbursement due to the current directors, which have been included in amounts due to related parties in the consolidated statements of financial position.

(c) Balance consists of consulting fees and expenses reimbursement due to the current CEO, which has been included in amounts due to related parties in the consolidated statements of financial position.

(d) As of September 30, 2016, the Company's significant shareholder, Dickson Resources Limited ("Dickson"), held 45,000,000 common shares (December 31, 2015 – 45,000,000 common shares) representing approximately 35% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

The Company's significant shareholder, Dickson, had provided the Company with a revolving loan for a total amount of C$250,000. On May 13, 2016, the loan balances, includes principal in the amount of $201,159 (C$250,000) and accrued interest of $35,766 (C$44,450) was paid back in full amount. The loan balance as at September 30, 2016 was $nil.

(e) As of September 30, 2016, the Company's other significant shareholder, Shanghai Shenglin Trading Co., Ltd. ("Shenglin Trading"), held 20,000,000 common shares (December 31, 2015 – 20,000,000 common shares) representing approximately 15% (December 31, 2015 – 15%) of AXMIN's issued and outstanding common shares on a non-dilutive basis.

(f) As of September 30, 2016, the Company's other significant shareholder, AOG Holdings BV ("AOG"), a wholly-owned subsidiary of the Addax and Oryx Group Limited, held 16,161,466 common shares (December 31, 2015- 16,161,466 common shares) representing approximately 12% (December 31, 2015 – 12%) of AXMIN's issued and outstanding common shares on a non-dilutive basis.

Related party transactions

a) Compensation of key management personnel

The Company has identified its directors and senior officers as its key management personnel. The remuneration of directors and senior officers during the year was as follows:

	September 30, 2016	September 30, 2015
	$	$
Share-based payments	9,218	12,401
Consulting fees	78,243	75,000
Director fees	18,899	29,762
	106,360	117,163

8. Related party transactions (continued)

b) During the nine months ended September 30, 2016, the Company incurred $6,796 (2015 - $14,881) in interest expenses from the shareholder loan provided by Dickson.

These transactions were entered into in the normal course of operations and were recorded at the exchange amount established and agreed to between the related parties.

9. Commitments and contingencies

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.

10. Segmented information

The Company has one reportable operating segment: mineral exploration and development. There were no exploration activities in CAR due to the force majeure mentioned in Note 4a.

11. 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.

As at September 30, 2016, the Company's capital primarily consisted of cash and cash equivalents in the amount of $299,540 and amounts receivable in the amount of $172,008. The Company's primary objectives when managing capital are to safeguard the Company's ability to meet its immediate cash requirements, and to perform exploration and development on its properties as well as maintain market confidence.

As at September 30, 2016, the Company had negative working capital of $1,607,357. The Company will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities. Management reviews its capital management approach on an ongoing basis and believes that this approach is appropriate given the Company's size. The Company is not subject to other externally imposed capital requirements.

12. Financial instruments and risk management

The recorded amounts for cash and cash equivalents, accounts receivable excluding the GST receivable (September 30, 2016 - $6,214; December 31, 2015 - $6,005), 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; amounts due to related parties as other financial liabilities; and Unrealized fair value of derivatives as financial liability at fair value through profit and loss.

(a) Credit risk

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

(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.

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

12. Financial instruments and risk management *(continued)*

(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, 2016, the Company had cash and cash equivalents of $299,540 (December 31, 2015- $86,293), and the Company did not have sufficient cash on hand to discharge its current liabilities. As of September 30, 2016, the Company had negative working capital of $1,607,357 (December 31, 2015 - $2,173,086 negative working capital).

(c) Market risk

Market risk consists of currency risk, interest rate risk, and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Foreign currency risk

The functional currency of the Company is the Canadian dollar and the functional currency of its subsidiaries is the United States 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, UK pound sterling, 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 total comprehensive loss.

The Company maintains certain of its cash and cash equivalents in the US dollar and CFA franc 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, 2016 was 1.3117 Canadian dollars to 1 US dollar. Based on the balances at September 30, 2016, income will increase or decrease by $16,850, given a 5% increase or decrease in the US dollar to Canadian dollar. The total amount of cash and cash equivalents held in foreign currency at September 30, 2016 is US$337,150 and 204,697 CFA franc.

(ii) Interest rate risk

The Company has no short-term investments or loans that has variable interest rate, and therefore not subject to interest rate risk fluctuation.

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., as 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, 2016:

	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	299,540	299,540	-	-

The following table presents the Company's financial assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2015:

	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	86,293	86,293	-	-