AXMIN Inc.

Consolidated Financial Statements
Years ended December 31, 2018 and 2017

(Expressed in United States dollars)

Independent Auditor's Report

To the Shareholders of Axmin Inc.:

Opinion

We have audited the consolidated financial statements of Axmin Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of income and comprehensive income, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as at December 31, 2018, the Company had working capital of $935,823, but would have insufficient cash to fund the development of the Passendro Project and its other properties. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jenny Lee.

MNP LLP

Vancouver, British Columbia
April 26, 2019

Chartered Professional Accountants

Consolidated Statements of Financial Position

(Expressed in United States dollars)

	As at December 31, 2018	As at December 31, 2017
Assets	**$**	$
Current assets		
Cash and cash equivalents	**1,059,425**	1,115,331
Receivables *(note 4)*	**276,247**	610,477
Prepaid expenses and deposits	**44,933**	12,934
Total Assets	**1,380,605**	1,738,742
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**260,358**	2,440,820
Amounts due to related parties *(note 7)*	**184,424**	190,355
Liabilities of discontinued operations *(note 5)*	**-**	323,103
Total Liabilities	**444,782**	2,954,278
Shareholders' Equity (Deficit) *(note 6)*		
Share capital	**140,088,634**	139,494,998
Warrants reserve	**7,868,733**	7,868,733
Stock options reserve	**8,974,207**	8,908,683
Deficit	**(157,669,225)**	(158,882,728)
Accumulated other comprehensive income	**1,673,474**	1,394,778
Total Shareholders' Equity (Deficit)	**935,823**	(1,215,536)
Total Liabilities and Shareholders' Equity	**1,380,605**	1,738,742

(Nature of operations and going concern – Note 1)
(Commitments and contingencies – Note 5 and 8)
See accompanying notes to the consolidated financial statements

On Behalf of the Board of Directors

"Lucy Yan" *"David Weill"*

Lucy Yan, CEO and Director David de Jongh Weill, CFO and Director

Consolidated Statements of Income and Comprehensive Income

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

For the years ended December 31,	2018	2017
	$	$
Revenue		
Royalty income *(note 5)*	**1,482,775**	1,585,578
	1,482,775	1,585,578
Expenses		
Consulting fees	**116,829**	106,268
Director fee	**77,178**	30,802
General admin expenses	**21,801**	23,086
IR expenses	**31,599**	23,339
Professional fees	**34,775**	26,052
Project costs *(note 5)*	**64,036**	11,288
Rental expenses	**25,287**	22,161
Salaries and wages	**66,844**	55,808
Share-based compensation (*note 6*)	**71,671**	78,876
Travel expenses	**51,534**	10,588
	561,554	388,268
Income (loss) from continuing operations	**921,221**	1,197,310
Other income (expenses)		
Income from reversal of accrual liabilities *(note 7)*	**27,977**	-
Gain on debt settlement	**215,855**	-
Foreign exchange gain	**46,944**	30,657
Interest and bank charges	**(1,307)**	(1,327)
Interest income	**2,813**	4,290
	292,282	33,620
Net Income	**1,213,503**	1,230,930
Other comprehensive income (loss)		
Income from discontinued operations, net of income taxes *(note 5)*	**323,103**	-
Foreign currency translation	**(44,407)**	(89,178)
Other comprehensive income (loss)	**278,696**	(89,178)
Total Comprehensive Income	**1,492,199**	1,141,752
Net income per common share (basic and diluted)	**0.009**	0.009
Weighted average number of common shares (basic)	**131,321,984**	130,497,381
Weighted average number of common shares (diluted)	**137,001,792**	132,047,381

See accompanying notes to the consolidated financial statements

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in United States Dollars except share data)

For the years ended December 31,		**2018**		2017
	Number	**Amount ($)**	Number	Amount ($)
Share Capital				
Authorized: Unlimited common shares				
Issued: Common shares				
Balance, beginning of year	**130,497,381**	**139,494,998**	130,497,381	139,494,998
Shares issued during the year *(note 6)*	**3,740,000**	**593,636**	-	-
Balance, end of year	**134,237,381**	**140,088,634**	130,497,381	139,494,998
Warrants Reserve				
Balance, beginning of year		**7,868,733**		7,868,733
Warrants expired *(note 6)*		**-**		-
Balance, end of year		**7,868,733**		7,868,733
Stock Options Reserve				
Balance, beginning of year		**8,908,683**		8,829,807
Share-based compensation *(note 6)*		**71,671**		78,876
Fair value of options exercised		**(6,147)**		-
Balance, end of year		**8,974,207**		8,908,683
Deficit				
Balance, beginning of year		**(158,882,728)**		(160,113,658)
Net income for the year		**1,213,503**		1,230,930
Balance, end of year		**(157,669,225)**		(158,882,728)
Accumulated other comprehensive income, net of tax				
Balance, beginning of year		**1,394,778**		1,483,956
Other comprehensive income (loss)		**278,696**		(89,178)
Balance, end of year		**1,673,474**		1,394,778
Shareholders' Equity (Deficit), end of year		**935, 823**		(1,215,536)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in United States Dollars)

For the years ended December 31,	**2018**	2017
	$	$
Operating Activities		
Net income	**1,213,503**	1,230,930
Write off of accrued liabilities	**(27,977)**	-
Fair value of options exercised	**(6,147)**	-
Gain on loan settlement	**(215,855)**	-
Foreign exchange gain	**(46,944)**	(30,657)
Share-based compensation	**71,671**	78,876
	988,251	1,279,149
Changes in non-cash working capital		
Receivables	**333,162**	(534,858)
Prepaid expenditures	**(31,980)**	(954)
Accounts payable and accrued liabilities	**(1,351,694)**	(8,284)
Amounts due to related parties	**(5,928)**	10,520
Net cash (outflow) from operating activities	**(1,056,440)**	(533,576)
Financing Activities		
Interest received	**874**	-
Proceeds from share issuance	**9,491**	-
Net cash inflow from financing activities	**10,365**	-
Effect of exchange rate changes	**1,918**	(480)
Change in cash and cash equivalent during the year	**(55,906)**	745,093
Cash and cash equivalent, beginning of year	**1,115,331**	370,238
Cash and cash equivalent, end of year	**1,059,425**	1,115,331

See accompanying notes to the consolidated financial statements.

1. Nature of operations and going concern

AXMIN Inc. ("AXMIN" or the "Company") is incorporated under the Canada Business Company Act and is an international mineral exploration company with an exploration portfolio in central 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. The Company determined the Passendro project is impaired in its entirety in 2013.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at December 31, 2018, the Company had working capital of $935,823, but it did not have sufficient cash to fund the development of the Passendro Project and its other properties. 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 Gora royalty income, 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.

These 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and effective for the year ended December 31, 2018.

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

Basis of Presentation

The 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 below. The Company's accounting policies have been applied consistently in preparing these consolidated annual financial statements. These consolidated financial statements of the Company were authorized for issuance by the Board of Directors on April 26, 2019**.**

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2018.

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) - inactive	*100% owned*
ToPex Limited (BVI) - inactive	*100% owned*

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 5(b).

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 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.

(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.

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

(c) Functional currency (continued)

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

Significant estimates and assumptions used in the preparation of the consolidated financial statements include, but are not limited to:

(a) The recoverability of mineral property;
(b) Deferred income taxes; and
(c) Share based compensation valuation assumptions

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

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.

Tax regulation are very complex and changing regularly. As a result, the Company is required to make judgments about the tax applications and probability of certain tax exposure. Also, all tax returns are subject to further government's reviews, with the potential reassessment. All those facts can impact income tax provisions and operation results.

(c)Share based compensation valuation assumptions

Note 6 outlines the significant assumptions with respect to share-based payment expense which 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.

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

Summary of significant accounting policies

Cash and cash equivalents

Cash and short term deposits in the consolidated statement of financial position comprise cash at banks and at hand and short-term deposits with a remaining maturity at the date of purchase of ten months.

Foreign currency translation

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

Transactions in currencies other than an entity's functional currency are initially recorded at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate as at the date of the consolidated statement of financial position. All differences are recorded in net earnings or loss. Non-monetary items are translated using the historical exchange rates as at the dates of the initial transactions.

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

Mineral properties

Exploration and evaluation assets
Exploration and evaluation costs, including the cost of acquiring licenses, are expensed as exploration costs in the consolidated statement of operations and comprehensive loss until the determination of the technical feasibility, commercial viability and the reasonable assurance of obtaining the exploitation license of the Project. Exploration costs include costs directly related to exploration and evaluation activities in the area of interest. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when economically recoverable reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. This determination is normally evidenced by the completion of a technical feasibility study.

Once the technical feasibility study is completed and there is reasonable assurance that the mining permit is obtained, subsequent exploration and development expenses are capitalized in mineral properties. Upon reaching commercial production, these capitalized costs will be transferred from development properties to producing properties on the consolidated statement of financial position and will be amortized using the unit-of-production method over the estimated period of economically recoverable reserves.

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

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

Property, plant and equipment

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

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

Property, plant and equipment *(continued)*

Depreciation of property, plant and equipment used for exploration and development is capitalized to mineral properties. Depreciation is recorded using the straight-line method based on an estimated useful life of 5 years for vehicles, 10 years for equipment and 25 years for building. Leasehold improvements are amortized on a straight-line basis over the term of the respective lease.

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company bases its impairment calculation on detailed budgets and forecast calculations that include commodity pricing, availability of financing, and various other factors, which are prepared separately for each of the Company's cash generating units to which the individual assets are allocated. When the determination of fair value based on cash flow projections are deemed difficult or impossible, management utilizes other methods such as cost per oz compared to peers, cost per oz of net exploration kilometre and recent market transactions. Impairment losses are recognized in the consolidated statement of income (loss) and comprehensive income (loss).

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income (loss) and comprehensive income (loss).

Cash generating units with goodwill are tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than its carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment of financial assets

Financial assets not carried at fair value through profit or loss are assessed for impairment at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income and presented in accumulated other comprehensive income in equity, to net income (loss). The cumulative loss that is removed from other comprehensive income and recognized in net income (loss) is the difference between the acquisition costs, net of any principal repayment and amortization, and the current fair value less any impairment loss previously recognized in net loss. If subsequently the fair value of any impaired available-for sale security increases, then the impairment loss is reversed with the amount of the reversal recognized in net income (loss).

Business combinations and goodwill

On the acquisition of a business, the acquisition method of accounting is used whereby the purchase consideration transferred is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition.

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

Business combinations and goodwill *(continued)*

Goodwill is initially measured at cost being the excess of the cost of the business combination over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the fair value attributable to the Company's share of the identifiable net assets exceeds the fair value of the consideration, the Company reassesses whether it has correctly identified and measured the assets acquired and liabilities assumed and recognizes any additional assets or liabilities that are identified in that review. If an excess remains after reassessment, the Company recognizes the resulting gain in profit or loss on the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Share based payments

The Company grants stock options to directors, officers and employees of the Company under its incentive stock option plan.

The fair value of the instruments granted is measured using Black-Scholes option pricing model, taking into account the terms and conditions upon which the instruments are granted and are expensed over their vesting period. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results.

The fair value of the awards is adjusted by the estimate of the number of awards that are expected to vest as a result of non-market conditions and is recognized over the vesting period using an accelerated method of amortization. At

each reporting period date, the Company revises its estimates of the number of options that are expected to vest based on the nonmarket vesting conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Share-based compensation relating to share options is charged to the consolidated statement of income (loss) and comprehensive income (loss).

Warrants

The warrants are valued based on allocating the proceeds of the issuance between the common share and the common share purchase warrant components by fair valuing each component separately and determining the proceeds to be allocated based on a pro-rata basis. The fair value of warrants is calculated using the Black-Scholes option pricing model and is recognized as warrants.

Warrants whose exercise price is denominated in Canadian currency are fair valued and carried in the Shareholders' Equity section of the consolidated statement of financial position. Warrants that are denominated in a currency other than the Company's functional currency are fair valued and classified as derivatives in the current liabilities section of the consolidated statements of financial position.

Earnings (loss) per share

Earnings (loss) per common share has been calculated based on the weighted average number of common shares issued and outstanding during the year. Diluted per share amounts are calculated using the treasury stock method whereby proceeds deemed to be received on the exercise of options and warrants in the per share calculation are assumed to be used to acquire common shares at the average market price during the year.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Income taxes *(continued)*

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

New IFRS standards and amendments adopted

The following amendment was adopted by the Company for the year ended December 31, 2018:

IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Company adopted IFRS 9 using the modified retrospective approach where the cumulative impact of adoption will be recognized in retained earnings as of January 1, 2018 and comparatives will not be restated.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

- Amortized cost
  Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

- Fair value through other comprehensive income ("FVTOCI")
  Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at fair value through profit or loss ("FVTPL") to present subsequent changes in FVTOCI.

- Fair value through profit or loss ("FVTPL")
  Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

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

New IFRS standards and amendments adopted *(continued)*

IFRS 9 Financial instruments (continued)

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39 Classification	IFRS 9 Classification
Financial Assets		
Cash and cash equivalents	FVTPL	Amortized cost
Receivables	Loans and receivables	Amortized cost
Financial Liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Amounts due to related parties	Other financial liabilities	Amortized cost

The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities. There were no adjustments to the carrying amounts of financial instruments as a result of the change in the classification from IAS 39 to IFRS 9.

IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. The adoption of the new expected credit loss impairment model had no impact on the carrying amounts of financial assets at amortized cost.

Consistent with IAS 39, the financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Financial liabilities are derecognized when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Fair value hierarchy
The Company uses a three-level hierarchy to categorize the significance of the inputs used in measuring the fair value of financial instruments. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 consists of financial instruments such as quoted share prices.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value, volatility factors and broker quotations, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs which are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value. Level 3 instruments may include items based on pricing services or broker quotes where the Company is unable to verify the observability of inputs into their prices. Level 3 instruments include longer-term transactions, transactions in less active markets or transactions at locations for which pricing information is not available. In these instances, internally developed methodologies are used to determine fair value which primarily includes extrapolation of observable future prices to similar location, similar instruments or later time periods.

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

New IFRS standards and amendments adopted *(continued)*

IFRS 9 Financial instruments (continued)

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

IFRS 15 Revenue from contract with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Company has adopted IFRS15, Revenue from Contracts with Customers, with an initial adoption date of January 1, 2018.

IFRS 15 Revenue from contract with customers (continued)

The company utilized the cumulative effect method to adopt the new standard and therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. The effect of initially applying these standards did not have a material impact on the Company's consolidated financial statements and related disclosures.

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgment. The Company generates revenues based upon amounts contractually due pursuant to the underlying royalty agreements. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount pursuant to the terms of the royalty agreements. Specifically, royalty revenue is recognized in accordance with the terms of the underlying royalty agreements subject to (i) when persuasive evidence of an arrangement exists; (ii) the risks and rewards having been transferred; (iii) the royalty or stream being fixed or determinable; and (iv) the collectability of the royalty being reasonably assured. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of revenue and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Royalty revenue may be subject to adjustment upon final settlement of estimated metal prices, weights, and assays. Adjustments to revenue from metal prices are recorded monthly and other adjustments are recorded on final settlement and are offset against revenue when incurred.

Standards issued but not yet effective

Standards issued but not yet effective as at the date of issuance of the Company's 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. The Company does not expect the impact of such changes on the financial statements to be material.

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.

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

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:

December 31	**2018**	2017
Interest receivable	**1,838**	-
Royalty income receivable	**268,094**	604,723
Refundable taxes	**6,315**	5,754
	276,247	610,477

Royalty income receivable in the amount of $268,094 has been received subsequent to the year ended December 31, 2018.

5. Exploration and evaluation assets

a) *Mineral properties*

<u>*Central African Republic*</u>
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.

On November 28, 2016, the Minister of Mines, Energy and Hydraulics of the CAR issued Ministerial Order No 245/16/MMEH/DIRCAB/DGMD, giving an Exemption Certificate of one (1) year to start the development and pre-production work at the Passendro Gold Project to SOMIO Toungou SA, a wholly-owned subsidiary of the Company. The period of the Exemption is valid within a duration of one (1) year starting from November 28, 2016 to November 27, 2017. On March 26, 2018, the Minister of Mining and Geology issued an executive order No 031/18/MMG/DIRCAB/DGM to grant SOMIO Toungou an extension period of exemption from the development work and productions of the Passendro gold mine for one (1) year, running from March 22, 2018 to March 21, 2019.

Also on November 28, 2016, the Minister of Mines, Energy and Hydraulics of the CAR issued the Ministerial Order No 246/16/MMEH/DIRCAB/DGMD, giving an Exemption Certificate of one (1) year for exploration and research of the primary layer of gold and others related to substances of Licenses of BAMBARI 1 and 2 to Aurafrique SARL, a wholly-owned subsidiary of the Company. The period of the Exemption is valid within duration of one year from November 28, 2016 to November 27, 2017. In 2016, the Company incurred $1,000,000 for the extension of the licenses of BAMBARI 1 and 2, which is included in accounts payable and accrued liabilities in consolidated statements of financial position as of December 31, 2017. On March 26, 2018, the Minister of Mining and Geology issued an executive order No 032/18/MMG/DIRCAB/DGM to grant Aurafrique SARL an extension period of exemption from exploration and research for one (1) year, running from March 22, 2018 to March 21, 2019.

As of the date of this report, management is unable to determine when the Minister of Mining and Geology will approve the renewal applications submitted for the Exemption Certificates and there is no assurance that the Company will be successful in obtaining the renewal of the Exemption Certificates.

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

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 December 31, 2018, 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

Mali – discontinued operation

On March 31, 2010, AXMIN and Avion Gold Corporation ("Avion") (AVR-TSX) entered into an agreement for the sale of AXMIN's Kofi Gold Project and other ancillary permits in Mali. The total sales proceeds for the nine permits consist of C$500,000 cash and 4,500,000 common shares of Avion. As of December 31, 2017, eight of the nine permits met the conditions for closing. The consideration for the eight permits represents 95% of the total sale proceeds.

For the year ended December 31, 2018, the Company reassessed the accrued tax liability related to its capital gain generated from the the sale of AXMIN's Kofi Gold Project and other ancillary permits in Mali from 2010. Based on the laws and regulations in Mali and management's best estimate, it is not probable that the reversal of the liability would be challenged by the tax authorities in the future. Therefore, the accrued tax liability of $323,103 has been reversed during the year ended December 31, 2018.

The liabilities of discontinued operations as at December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Accounts payable and accrued liabilities	**-**	323,103
Liabilities of discontinued operations	**-**	323,103

5. Exploration and evaluation assets *(continued)*

Senegal

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 December 31, 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. On January 12, 2016, after this Royalty Election, AXMIN holds a 1.5% NSR on 17 Royalty Target Areas in total and maintains 20% interests of Remainder Areas within the Senegal Project.

Gora Deposit began production in the third quarter of fiscal 2015. Royalty income in the amount of $1,482,775 has been recognized in the year ended December 31, 2018. (December 31, 2017 - $1,585,578).

6. 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. Share capital outstanding at December 31, 2018 was 134,237,381 (December 31, 2017: 130,497,381 common shares).

On October 12, 2018, the Company has issued 3.46 million shares at a price of C$0.30 per share with a combination of a cash payment of US$1.2 million to settle an account payable. This account payable was for a consultancy agreement (the "Consulting Agreement") to assist AXMIN with securing its ownership of licenses in the Central African Republic on November 15, 2013. Under this Consulting Agreement the consultant was entitled to remuneration upon the successful completion of its services. The total outstanding payments due under this Consulting Agreement amount to US$2 million and were duly recorded in the Company's accounts payable. The Company has benefited from the renewal of its respective licenses and permits and is in good standing with the Government of the Central African Republic. The fair value of the common shares was $584,145, resulting in a gain on debt settlement of $215,855.

The shares issued pursuant to the above-referenced Settlement Agreement will be subject to transfer restrictions under a two (2) year lock-up agreement, during which time the shares may not be sold. The transfer restrictions under the lock-up agreement will expire two (2) years plus one day from the date of grant.

On October 19, 2018, 280,000 stock options were exercised, 100,000 were exercised at a price of C$0.025 and 180,000 were exercised at a price of C$0.05.

Warrants

There were no common share purchase warrants outstanding, issued or exercised during the years ended December 31, 2018 and 2017.

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

6. Share capital *(continued)*

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, 2016	**3,150,000**	**0.034**
Options expired on March 9, 2017	(50,000)	0.60
Options granted on September 25, 2017	5,140,000	0.05
Balance at December 31, 2017	**8,240,000**	**0.04**
Options exercised on October 19, 2018	(280,000)	0.04
Options cancelled on November 15, 2018	(60,000)	0.05
Balance at December 31, 2018	**7,900,000**	**0.04**

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 25, 2017, the Company granted an aggregate of 5,140,000 options, exercisable at C$0.05 each and expiring five years from the date of issue.

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 $71,671 for the year ended December 31, 2018 (2017 - $78,876). No share-based compensation amount is capitalized in the year ended December 31, 2018 and 2017.

As at December 31, 2018, 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)
0.025	3,000,000	0.025	1.72	3,000,000	0.025
0.05	4,900,000	0.05	3.73	3,675,000	0.05
	7,900,000	0.04	2.97	6,675,000	0.04

7. Related party transactions

<u>Related party balances</u>

	December 31, 2018	December 31, 2017
	$	$
Kin Foon (Joe) Tai (a)	**9,163**	15,943
Bright Chiu (a)	**-**	27,900
David Weill (a)	**-**	15,943
Lucy Yan (b)	**175,261**	130,569
Total due to related parties	**184,424**	190,355

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

7. Related party transactions *(continued)*

Related parties in the consolidated statements of financial position.

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

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

(c) As of December 31, 2018, the Company's significant shareholder, Dickson Resources Limited ("Dickson"), held 45,000,000 common shares (December 31, 2017 – 45,000,000) representing approximately 34% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

(d) As of December 31, 2018, the Company's other significant shareholder, Shanghai Shenglin Trading Co., Ltd., held 20,000,000 common shares (2017–20,000,000 common shares) representing approximately 15% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

As of December 31, 2018, the Company's other significant shareholder, AOG Participations BV ("AOG"), a wholly-owned subsidiary of the Addax and Oryx Group Limited, held 15,001,938 common shares (December 31, 2017 - 15,001,938 common shares) representing approximately 11% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

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:

	2018	2017
	$	$
Share-based payments	71,671	78,876
Consulting fees	113,645	106,268
Director fees	77,178	30,802
	262,494	215,946

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.

8. 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.

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

9. 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 5a.

The Company's comprehensive income (loss) by geographic locations for the years ended December 31, 2018 and 2017 are as follow:

Net Income (loss)	**Year ended December 31, 2018**	Year ended December 31, 2017
Canada	**$1,312,123**	$1,323,338
Central African Republic	**(98,620)**	(92,408)
Total	**$1,213,503**	$1,230,930

The Company's total assets by geographic locations for the years ended December 31, 2018 and 2017 are as follows:

Total Assets	**Year ended December 31, 2018**	Year ended December 31, 2017
Canada	**$1,254,699**	$1,731,640
Central African Republic	**125,906**	7,102
Total	**$1,380,605**	$1,738,742

10. 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 December 31, 2018, the Company's capital primarily consisted of cash and cash equivalents in the amount of $1,059,425 and receivables in the amount of $276,247. 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 December 31, 2018, the Company had working capital of $935,823, but it did not have sufficient cash to fund the development of its properties. 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.

11. Financial instruments and risk management

The recorded amounts for cash and cash equivalents, receivables excluding the GST receivable (2018 - $6,315; 2017 - $5,754), 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 FVTPL; receivables as amortized cost; accounts payable and accrued liabilities; amounts due to related parties as other financial liabilities.

(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 and cash equivalents

The Company minimizes its exposure to credit risk by keeping the majority of its cash and cash equivalents 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.

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

11. 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 December 31, 2018, the Company had cash and cash equivalents of $1,059,425 (December 31, 2017: $1,115,331), and the Company have sufficient cash on hand to discharge its current liabilities. As of December 31, 2018, the Company had working capital of $935,823 (December 31, 2017 - $1,215,536 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 December 31, 2018 was 1.3642 Canadian dollars to 1 US dollar. Based on the balances at December 31, 2018, income will increase or decrease by $63,933 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 December 31, 2018 is $937,299 in USD and 54,068,266 in CFA franc.

(i) 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 December 31, 2018:

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	1,059,425	1,059,425	-	-

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

12. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2018 and 2017:

	2018	2017
Net income (loss) before tax from continuing operations	**$ 1,213,503**	$ 1,230,930
Statutory tax rate	**27%**	26%
Expected income tax (recovery)	**327,646**	320,042
Non-deductible items	**21,348**	20,790
Change in deferred tax assets not recognized	**(348,994)**	(340,832)
Total tax expense	**-**	-

The statutory tax rate increased from 26% to 27% due to an increase in the BC corporate tax rate on January 1, 2018.

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

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary differences at December 31, 2018 and 2017 are comprised of the following:

	2018	2017
Tax loss carry-forwards – Canada	**$ 14,080,810**	$ 15,510,461
Tax loss carry-forwards – Foreign Jurisdictions	**218,988**	120,397
Exploration and development – Canada	**188,548**	1,566,938
Exploration and development – Foreign Jurisdictions	**101,774,677**	101,774,677
Property plant and equipment – Canada	**55,971**	66,146
Unrecognized deductible temporary difference	**$ 116,318,994**	$ 119,038,619

The Company has non-capital loss carryforwards of approximately $14,080,000 (2017: $15,510,000) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry date	**Amount**
2027	**1,000**
2028	**1,313,000**
2029	**1,887,000**
2030	**1,389,000**
2031	**2,016,000**
2032	**2,452,000**
2033	**3,090,000**
2034	**747,000**
2035	**619,000**
2036	**545,000**
2037	**21,000**
	$14,080,000

The Company has net operating loss carryforwards of approximately $218,988 (2017 - $120,397) expiring in 2019 to 2021, which may be carried forward to apply against future income for Central African Republic tax purposes, subject to the final determination by taxation authorities.

12. Income Taxes *(continued)*

Expiry date	**Amount**
2019	**$ 28,010**
2020	**92,387**
2021	**98,591**
	$ 218,988

AXMIN Inc.

Management's Discussion and Analysis
Years ended December 31, 2018 and 2017

The following Management's Discussion and Analysis ("MD&A") of AXMIN Inc. ("AXMIN" or the "Company") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the years ended December 31, 2018 and 2017. The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto ("Statements") of AXMIN as at and for the years ended December 31, 2018 and 2017.

The Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts included in this MD&A are in United States dollars, except where otherwise specified and per unit basis.

This MD&A contains forward-looking information within the meaning of Canadian securities legislation (see "Forward Looking Information" below for a full discussion on the nature of forward-looking information). Information regarding the adequacy of cash resources to carry out the Company's exploration and development programs or the need for future financing are forward-looking information. All forward-looking information, including information not specifically identified herein, is made subject to cautionary language at the end of this document. Readers are advised to refer to the cautionary language included at the end of this MD&A when reading any forward-looking information. The MD&A is prepared in accordance with NI 51-102F1 and has been approved by the Company's board of directors (the "Board of Directors" or the "Board") prior to its release.

This report is dated as of April 26, 2019. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website (www.sedar.com).

Fiscal Year 2018 Highlights

- During the year ended December 31, 2018, the Company reported royalty income of $1,482,775 from Gora Projects, compared with $1,585,578 for the same time period of 2017.

- The net income for the year ended December 31, 2018 was $1,213,503 compared to $1,230,930 in the same period of 2017.

Business and Summary of Activities

AXMIN is a publicly listed corporation with its shares trading on the TSX Venture Exchange ("TSXV") under the symbol AXM. The Company is an international mineral exploration and development company with a strong focus on the African continent. AXMIN, through its wholly-owned subsidiaries, has exploration projects in the Central African Republic ("CAR") and Senegal. The Company's primary asset is the Passendro gold project situated in the CAR. Due to escalating interreligious conflicts in the CAR, all in-country operations other than administrative functions, carried out in the capital city of Bangui, have been suspended.

In June 2018, Axmin has received confirmation from Teranga that the Government of the Republic of Senegal has granted two new exploration permits under the 2016 Senegalese Mining Code for Sounkounkou and Bransan, encompassing the 17 target areas that the Company shares an interest in with Teranga.

The initial term of the exploration permits is for a period of 4 years with a requisite minimum expenditure commitment during this initial period. Thereafter the exploration permits are renewable two times for consecutive periods not exceeding three years each provided that Teranga has satisfied its work and expenditure commitments. The Bransan perimeter is 337.3km^2 and Sounkounkou is 291.7km^2, which together cover roughly 90% of the prior permit areas.

AXMIN holds a 1.5% NSR on 17 Royalty Target Areas (being Target Areas have been made Royalty Election on) in total and maintains 20% interests of Remainder Areas within the above Senegal permits. Axmin's royalty rights are intended to continue and survive the Joint Venture Agreement and remain tied to the permits themselves, irrespective of title holder.

Since August 2015, Axmin Inc. started to generate the 1.5-per-cent net-smelter-return royalty's income from the Gora deposit. Royalty income in the amount of $4,301,453 has been recognized since Gora Deposit began production. The total royalty income for the year ended December 31, 2018 was $1,482,775 (for the year ended December 31, 2017 - $1,585,578). The royalty is applied to the production of gold from the Gora deposit, located in the Senegal Republic. The Gora deposit is operated by Axmin's joint venture partner, Sabodala Mining Company SARL, a wholly owned subsidiary of Teranga Gold Corp.

Operations

Central African Republic – Passendro Gold Project

The Company's primary asset is the Passendro gold project, which is situated in the centre of a 25-year Mining License (355 sq km) that was awarded to AXMIN in August 2010. At the same time, the Company was also awarded two, three-year renewable Exploration Licenses, Bambari 1 and 2 (1,240 sq km), which ring fence the Mining License and cover a 90 km strike along the highly prospective Bambari greenstone belt. The Exploration Licenses were issued for an initial term of 3 years and under Article 21 of the CAR Mining Code, the Exploration Licenses are automatically renewable two times each for 3 consecutive years subject to the payment of the rights and obligations provided for by the mining regulations.

On December 24, 2012, the Company officially notified the CAR Minister of Mines and Defence of the existence of a state of Force Majeure due to the escalating rebel activity in the country and the necessity to withdraw its field operations. Since that time, AXMIN has not had access to its Passendro project. The Mining Convention of 2006 and the addendum thereto concluded in August 2010 provide the Company with full protection under the circumstances and, in the event that there is a change of Government in the CAR, the existence of Force Majeure stays work related obligations. It is these circumstances that have caused the Company to suspend all Passendro based operations as well as negotiations with prospective lenders.

Prior to the Force Majeure, the Company was working towards securing financing to develop the Passendro gold project into CAR's first modern gold mine. The following is a brief summary of the status at Passendro gold project as at December 2012. A full description of the Passendro gold project can be found in the Company's audited financial statements for 2014 and 2013, its June 2012 Annual Information Form, the 2011 Bankable Feasibility Study Optimization & Update and its 2009 Mineral Resource Estimate prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). All reports can be accessed under the Company's profile on the SEDAR website at www.sedar.com.

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 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

On October 18, 2013, the Government of the CAR certified that the License of Exploitation (the "Mining License") held by SOMIO Toungou SA, which was originally granted to the Company on August 5, 2010 and recorded under the Chronological Code PE001/10 (Registration number 002 of August 5, 2010) by the Department of Mines, remains valid for a period of twenty-five years from the date of the grant.

On November 28, 2016, the Minister of Mines, Energy and Hydraulics of the CAR issued Ministerial Order No 245/16/MMEH/DIRCAB/DGMD, giving an Exemption Certificate of one (1) year to start the development and pre-production work at the Passendro Gold Project to SOMIO Toungou SA, a wholly-owned subsidiary of the Company. The period of the Exemption is valid within duration of one (1) year starting from November 28, 2016 to November 27, 2017.

Also on November 28, 2016, the Minister of Mines, Energy and Hydraulics of the CAR issued the Ministerial Order No 246/16/MMEH/DIRCAB/DGMD, giving an Exemption Certificate of one (1) year for exploration and research of the primary layer of gold and others related to substances of Licenses of BAMBARI 1 and 2 to Aurafrique SARL, a wholly-owned subsidiary of the Company. The period of the Exemption is valid within duration of one year from November 28, 2016 to November 27, 2017.

On March 26, 2018, the Minister of Mining and Geology issued an executive order No 031/18/MMG/DIRCAB/DGM to grant SOMIO Toungou an extension period of exemption from the development work and productions of the Passendro gold mine for one (1) year, running from March 22, 2018 to March 21, 2019.

On March 26, 2018, the Minister of Mining and Geology issued an executive order No 032/18/MMG/DIRCAB/DGM to grant Aurafrique SARL an extension period of exemption from exploration and research for one (1) year, running from March 22, 2018 to March 21, 2019.

On October 12, 2018 the Company settled an account payable of $2.0 million by making a payment of US$1.2 million and the issuance of 3.46 million shares at a price of C$0.30 per share. A settlement agreement was entered into (the "**Settlement Agreement**") and the transaction relating to the Settlement Agreement received final approval from the TSX Venture Exchange. The US$1.2 million was paid and the 3.46 million shares were issued extinguishing this accounts payable in its totality.

The shares issued pursuant to the above-referenced Settlement Agreement are subject to transfer restrictions under a two (2) year lock-up agreement, during which time the shares may not be sold. The transfer restrictions under the lock-up agreement will expire two (2) years plus one day from the date of grant.

At this current time, the Company's operations at Passendro remain suspended. Axmin is working with the Ministry of Mines and other governmental agencies in the CAR and expects to be operational again in the CAR in the near future. Impairment of $37,346,576 was recognized in December 31, 2013 as a result of the uncertainties at that time. When the Company recommences it's activity this impairment will be re-evaluated.

This impairment recognized in the financial statements does not in any way mean that the Company is relinquishing its rights to the assets and it reflects the utmost conservative view by management on the objective circumstances and will be reviewed once operations recommence and subject to recovery when certain conditions are met pursuant to the accounting standards the Company has adopted.

The Company through its in-country staff have maintained close communications with senior ministers and officials in Bangui and also in Bambari which is the closest city to the Company's asset near Ndassima. AXMIN's country manager Mr Boubacar Sidbe recently meet with the Vice Mayor of Bambari and Sub-prefect to discuss the situation on the ground and express the Company's desire to get back on site. Meetings have also been held with the Mining Minister and Chief of the Office of the Head of State. AXMIN remains confident that stability will eventually return to the country and that the Company will be well positioned and ready to work with the elected government of the CAR to develop a pragmatic mining plan focusing on the extremely high-grade deposits that will be safe for our employees and contractors, have limited capital expenditure and hopefully achieve very profitable returns in a very timely fashion for shareholders.

The Company notes as reported in the world press that the Central African Armed Forces (FACA) have recently been deployed in the city of Bambari and the vicinity. AXMIN regrets the violence that has taken place during this time, and believes that the combination of the FACA and MINUSCA forces on joint patrols should hopefully bring stability to the region enabling the Company to become operational again at Ndassima near Bambari.

Senegal Joint Venture

On February 28, 2012, AXMIN and its joint venture partner and manager, Sabodala Mining Company SARL ("SMC"), a wholly-owned subsidiary of Teranga Gold Corporation ("Teranga") amended its 2008 joint venture agreement. At the time, Teranga had earned an 80% interest in the Sounkounkou, Heremokono and Sabodala NW explorations licenses (the "Project") located in the Birimian belt of eastern Senegal, by spending US$6 million on exploration. AXMIN has retained a 20% interest in the Project. The amended joint venture and royalty agreement (the "Agreement") supersedes and replaces the original joint venture agreement. Under the terms of the Agreement, AXMIN had a free-carried interest of $2.5 million, with respect to the Project work costs starting from October 1, 2011, after which both parties are to jointly fund the Project work costs on a pro-rata basis. As of September 30, 2017, the free-carried interest balance was $nil.

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

As of February 28, 2012, AXMIN elected to take a 1.5% NSR Royalty Interest in the Gora Deposit, located on the Sounkounkou permit. In July 2012, the Republic of Senegal declined the application submitted by SMC, the manager, for the extension for the Sabodala NW license, which has now expired and is believed to have been granted by the Senegal Government to a third party.

On September 5, 2014, an extraordinary extension of 24 months for the Heremokono exploration permit has been granted by the Senegal authorities.

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 from each Target Area. On January 12, 2016, AXMIN elected to convert its

20% interest in one new Target area into a 1.5% NSR. After this Royalty Election, AXMIN holds a 1.5% NSR on 17 Royalty Target Areas (being Target Areas have been made Royalty Election on) in total and maintains 20% interests of Remainder Areas within the Senegal permits. The free carried interest of US$2.5 million granted to AXMIN under the Agreement has been depleted on account of its 20% Participation Interest in respect of all Participation Target Areas (being areas subject to exploration and both parties remain their respective interests (Teranga – 80% and AXMIN – 20%)). No further participation contribution needs to be made by AXMIN beyond this $2.5 million free carried interest with respect to the Participation Target Areas where a Royalty Election has been made.

Full details of the exploration programs at the Senegal JV can be found on the Teranga website at www.terangagold.com.

Senegal JV – Gora Deposit (1.5% Royalty Interest)

In February 2012, AXMIN elected to hold a 1.5% NSR royalty interest in the Gora deposit. Since August 2015, Axmin Inc. started to generate the 1.5-per-cent net-smelter-return royalty's income from the Gora deposit.

On February 22, 2019, Teranga released its year ended December 31, 2018 Financial Statements and MD&A which contain additional information including information on Gora's reserve and resources as noted below:

		Twelve Months Ended	
		12/31/2018	12/31/2017
Ore mined	('000t)	344	698
Waste mined - operating	('000t)	1,677	11,778
Waste mined - capitalized	('000t)	0	2,387
Total mined	('000t)	2,021	14,863
Grade mined	(g/t)	8.05	5.14
Ounces mined	(oz)	89,044	115,398

During the year ended December 31, 2018, the Company reported royalty income of $1,482,775 from Gora Projects, compared with $1,585,578 for the same time period of 2017.

Readers are advised that the information about the Gora project contained in this MD&A is based on information publicly disclosed by Teranga and has not been independently verified by the Company. Specifically, as a royalty holder, the Company has limited, if any, access to the Gora project and is dependent on the operator of the property and its qualified persons to provide information to the Company regarding the project or on publicly available information and the Company generally has limited or no ability to independently verify such information.

For a fuller description of the above properties and any other properties in which the Company holds interests, refer to the disclosure in note 5 of the Company's audited consolidated financial statements for the year ended December 31, 2018 and other filings made on the SEDAR website (www.sedar.com).

Recent News

On February 2, 2019 the Government of the CAR announced on social media that an agreement for peace had been made at the talks taking place in Khartoum. The Government stated that the agreement would be initialed on Sunday February 3, 2019 and thereafter it was signed in Bangui on February 6th.

The agreement comes after discussions that were facilitated in Khartoum by the African Union and the United Nations with assistance from Russia. The key points of this agreement are:

- An immediate cessation of violence by the armed groups against defence and security forces, UN personnel, humanitarian workers and the general population.
- The armed groups will respect the legitimacy of the CAR's institutions and will disband.
- The Government will analyze the reintegration of the leaders of the armed groups who previously served as civil servants or in the military.
- The Government will set up a Truth, Justice, Reparation and Reconciliation Commission within 90 days.

- The parties to the agreement will undertake to set up mixed security units that will include both the defense and security forces as well as former members of the armed groups.
- A Prime Minister would be appointed who would also be representative of the former armed groups.
- The former armed groups will have the right to start political parties without hinderance.

On April 5, 2019 Aurafrique SARL, the CAR subsidiary of Axmin wrote to his honor Mr Leopold Mboli-Fatran the Minster of Mines requesting another year extension to the exemption from the development work and production of the Company's assets. This request is under review by the Ministry of Mines at this time; and if the security situation continues to improve and specifically if a security solution for Ndassima is implemented, the Company does not believe that this further extension will in fact be necessary.

On April 10, 2019 Axmin appointed Mr. Lifei Jiang as CEO of Somio Toungou S.A and CEO of Aurafrique SARL in Central African Republic and Mr. Jean Qian as Board Secretary and CEO Assistant of Axmin Inc. These appointments were made to assist Axmin with augmenting its in country operations as the Company believes the region of the Passendro asset will be secure in the very near future enabling Axmin to get back to work in the CAR.

Selected Annual Information

The following chart summarizes selected annual financial information:

	Fiscal Year Ended 31/12/2018	**Fiscal Year Ended 31/12/2017**	**Fiscal Year Ended 31/12/2016**
Balance Sheet:			
Total Assets	1,380,605	1,738,742	516,121
Total long-term liabilities	-	-	-
Operation:			
Total revenue	1,482,775	1,585,578	980,380
Net income (loss) from continued operations	1,536,606	1,230,930	(246,758)
Net income from discontinued operations	-	-	-
Basic and diluted income (loss) per share	0.011	0.009	(0.002)
Dividend per share	-	-	-

Summary of Quarterly Results

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

In thousands of US dollars, except per share amounts	**2018 4th quarter**	**2018 3rd quarter**	**2018 2nd quarter**	**2018 1st quarter**
Statements of operations and comprehensive loss				
Net income (loss) from continuing operations for the period	414,667	(12,277)	437,586	373,527
Net income (loss) per share from continuing operations	0.00	0.00	0.00	0.00
Statement of financial position				
Working capital surplus (deficit)	935,823	777,226	(362,169)	(794,240)
Total assets	1,380,605	1,628,833	2,527,173	2,135,231

In thousands of US dollars, except per share amounts	**2017 4th quarter**	**2017 3rd quarter**	**2017 2nd quarter**	**2017 1st quarter**
Statements of operations and comprehensive loss				
Net income (loss) from continuing operations for the period	437,814	206,789	359,338	226,989
Net income (loss) per share from continuing operations	0.00	0.00	0.00	0.00
Statement of financial position				
Working capital deficit	(1,215,536)	(1,658,141)	(1,900,715)	(2,222,217)
Total assets	1,738,742	1,369,453	1,109,413	766,439

Financial Results

For the year ended December 31, 2018, Axmin reported royalty income of $1,482,775 from Gora Projects, compared with $1,585,578 for the same time period of 2017.

The net income for the year ended December 31, 2018 was $1,213,503 compared to $1,230,930 in the same period of 2017, an decrease in the net income of $17,427. The decrease in net income was mainly due to:

- the Company reassessed the accrued tax liability related to its capital gain generated from the the sale of AXMIN's Kofi Gold Project and other ancillary permits in Mali from 2010. Based on the laws and regulations in Mali and management's best estimate, it is not probable that the reversal of the liability would be challenged by the tax authorities in the future. Therefore, the accrued tax liability of $323,103 has been reversed during the year ended December 31, 2018.
- the Company realized a gain of $215,855 on the debt settlement by issuing 3.46 million shares at a price of C$0.30 per share with a combination of a cash payment of US$1.2 million to settle an account payable. This account payable was for a consultancy agreement (the "Consulting Agreement") to assist AXMIN with securing its ownership of licenses in the Central African Republic on November 15, 2013. Under this Consulting Agreement the consultant was entitled to remuneration upon the successful completion of its services. The total outstanding payments due under this Consulting Agreement amount to US$2 million and were duly recorded in the Company's accounts payable. The Company has benefited from the renewal of its respective licenses and permits and is in good standing with the Government of the Central African Republic. The fair value of the common shares was $584,145, resulting in a gain on debt settlement of $215,855.

Offset by:

- Decreased in royalty income of $102,803 to $1,482,775 in the year ended December 31, 2018 from $1,585,578 in the same period of 2017.
- Increased in project costs, consulting fee, director fee and travel expenditure of $173,286 to $561,554 in the year ended December 31, 2018 from $388,268 in the same period of 2017.

Under IFRS, exploration, evaluation and development costs for all projects are expensed as incurred and incurred only at the point when a BFS is completed and the mining exploitation permit is obtained. 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 year ended December 31, 2018 and 2017, the Company did not capitalize any exploration and development costs to mineral properties relating to the Bambari properties.

Total liabilities at December 31, 2018 amounted to $444,782 compared to $2,954,278 at December 31, 2017.

Exploration and Evaluation Assets and Expenditures

a) *Exploration and evaluation assets*

AXMIN holds a 100% interest in the Bambari properties which consist of a 25-year Mining Licence (355 sq km), which was granted in August 2010 and remains valid up to date, and two Exploration Licences, Bambari 1 and 2 (1,240 sq km), which were also granted in August 2010 and remains valid up to date. 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 License which is ring-fenced by the two Bambari Exploration Licenses.

b) 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 December 31, 2018, there has been no significant change in the assumptions used to determine the FVLCD since the impairment loss was recognized in 2013 but as stated above the Board may re-evaluate the FVLCD once the Company is back on site and operational.

c) Exploration and evaluation expenses

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

	Bambari (CAR)	Others	Total
Exploration, evaluation and development costs – January 1, 2016	20,685,609	1,349,217	22,034,826
Additions*	1,014,562	-	1,014,562
Exploration, evaluation and development costs – December 31, 2016	21,700,171	1,349,217	23,049,388
Additions*	11,288	-	11,288
Exploration, evaluation and development costs – December 31, 2017	21,711,459	1,349,217	23,060,676
Additions*	64,036	-	64,036
Exploration, evaluation and development costs – December 31, 2018	**21,775,495**	**1,349,217**	**23,124,712**

* The additions for the year ended December 31, 2018 is mainly related to surface taxes incurred for the exploration permits in CAR.

Liquidity and Capital Resources

Going Concern

The Company is in the 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 mineral resources that are economically recoverable. The recoverability of the amounts shown for mineral properties costs is dependent upon the existence of economically recoverable resources, the ability of the Company to secure adequate financing to meet the capital required to successfully complete the exploration and development of the projects, political risk relating to obtaining all necessary permits and maintaining the licenses in good standing, future profitable production or proceeds from the disposition of such properties and 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 at the Passendro gold project 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.

The consolidated financial statements of the Company have been prepared using IFRS applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at December 31, 2018, the Company's current assets exceeded its current liabilities by $935,823. Although the Company has generated royalty income, and the royalty income achieved to date has generated sufficient cash to discharge all of the Company's liabilities, the Company does not have sufficient cash to fund the development of the Passendro project and its properties. The Company will require additional financing, dependent on the royalty income or other sources of funding, which if not raised, would result in the curtailment of activities. As a result, there is a substantial doubt about the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

In the foreseeable future, the Company will remain dependent on the availability of funds to continue operation and development of the Passendro gold project (assuming that the Force Majeure is lifted and that the Company may resume operations at the project). Management expects that it will require additional funding to allow the Company to continue its activities. However, there can be no assurances that the Company's financing initiatives will be successful or sufficient funds can be raised in a timely manner.

The consolidated financial statements of the Company 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.

Liquidity and Capital Resources

Cash flows

The following table sets forth a summary of our statements of cash flows for the year ended December 31, 2018 and 2017:

	2018	2017
Net cash used in operating activities	$ (1,056,440)	$ (533,576)
Net cash generated from investing activities	-	-
Net cash generated from financing activity	10,365	-
Effect of exchange rate changes	1,918	(480)
Net (decrease) increase in cash and cash equivalents	$ (55,906)	$ 745,093

The Company's main sources of funding continue to be in the royalty income, equity markets, outstanding warrants and options. As of December 31, 2018, the cash and cash equivalents balance of the Company is $1,059,425 (December 31, 2017 - $1,115,331).

As at December 31, 2018, the Company had positive working capital of $935,823 compared to a negative working capital $1,215,536 as at December 31, 2017. The change in working capital deficit reflects a higher balance of cash and a higher balance of accounts payable and accrued liabilities.

Contractual Obligations

In the ordinary course of business activities, the Company is subject to various claims, including those related to income and other taxes of its foreign subsidiaries. Management believes that adequate provisions are recorded in the accounts where required and where estimable. However, there can be no assurance that the Company will not incur additional expenses.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions between Related Parties

Related party balances

	December 31, 2018	December 31, 2017
	$	$
Kin Foon (Joe) Tai (a)	**9,163**	15,943
Bright Chiu (a)	**-**	27,900
David Weill (a)	**-**	15,943
Lucy Yan (b)	**175,261**	130,569
Total due to related parties	**184,424**	190,355

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

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

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 period was as follows:

	2018	2017
	$	$
Share-based payments	**71,671**	78,876
Consulting fees	**113,645**	106,268
Director fees	**77,178**	30,802
	262,494	215,946

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.

Change in Accounting Policies

New standards, interpretations and amendments thereof, adopted by the Company in the current year

Adoption of IFRS 9, Financial Instruments ("IFRS 9")

In November 2009 and October 2010, the IASB issued the first phase of IFRS 9, Financial Instruments. In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9. The final version of IFRS 9 was issued in July 2014 and includes a third measurement category for financial assets (fair value through other comprehensive income ("FVOCI")) and a single, forward-looking expected loss impairment model. The adoption date for IFRS 9 was January 1, 2018.

The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities.

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, 2017; 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 effect of initially applying these standards did not have a material impact on the Company's consolidated financial statements and related disclosures.

Standards issued but not yet effective

Standards issued but not yet effective as at the date of issuance of the Company's 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. The Company does not expect the impact of such changes on the financial statements to be material.

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 Company does not expect the impact of such changes on the financial statements to be material.

Critical Accounting Estimates

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

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

Areas of significant accounting judgments, estimates and assumptions that have the most significant impact on the amounts recognized in the financial statements are disclosed in note 3 of the Company's audited consolidated financial statements as at and for the year ended December 31, 2018.

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 the following risk factors and uncertainties, similar to those faced by other exploration and development companies.

Political Risk

AXMIN currently conducts its primary exploration activities in the African countries of the CAR and Senegal. A significant portion of the Company's mineral properties are located in the 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.

On December 24, 2012, AXMIN announced that it officially notified the Minister of Mines and Minister of Defence of the CAR, as per its 2006 Mining Convention, of the existence of Force Majeure arising from the widely reported rebel activity in the country at that time. As of the date of this report, the political situation in the CAR remains tenuous. The Company is monitoring the situation and is not able to access the Passendro gold project or resume camp operations in the CAR until stability is restored in the country.

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

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 operations, it will be necessary to secure funding in the near future in order to meet its current financial obligations and to continue as a going concern. Over the long-term, substantial funds will be required to continue exploration and development. If the Company does not raise these funds, it will 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 project which it may not be able to raise in the current economic environment. In order to construct a mine at its Passendro project, the Company estimates it will require approximately US$280 to US$310 million. However, in the current economic environment there is substantial doubt that the Company would be able to raise these funds through sales of its equity, the means it has used to finance its operations in the past. In addition, although the Company has investigated the possibility of financing construction of the mine through debt, there can be no assurance that debt financing would be available on acceptable terms, if at all. In the event that the Company is unable to raise the necessary funds to build the mine, the Company will not be able develop and construct a mine at the Passendro gold project.

As at December 31, 2018, the Company had positive working capital of $935,823, however, did not have sufficient cash to fund the development of the Passendro gold project (assuming the resumption of currently suspended activities). The inability of the Company to secure additional immediate financing could have an adverse effect on the Company’s results of operations and financial condition.

No Production Revenues; History of Losses

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

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

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

Uncertainty in the Estimation of Mineral Reserves and Mineral 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. Further, mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues.

The volume and grade of mineral 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 the Passendro gold project in the CAR, none of the properties in which AXMIN has an interest contain a known body of mineral reserves. 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 mineral 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 cannot 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, if any, 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 mineral resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

Insurance and Uninsured Risks

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

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

Government Regulation

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

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

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

Contractual Arrangements and Joint Ventures

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

Commodity Price Fluctuations

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

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

Competition

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

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

Currency Risk

AXMIN's costs are incurred in Canadian dollars, United States dollars, UK pounds sterling, Euros and also in the currencies of the CAR (CFA Franc), South Africa (ZAR). There is no guarantee that these other currencies will be convertible into Canadian and United States dollars in the future and that foreign currency fluctuations will not 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.

Management: Dependence on Key Personnel

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

Environmental Risks and Hazards

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

Artisanal Mining

The Company understands that illegal artisanal miners have and may continue to trespass on the Company's property in the CAR and engage in dangerous practices, including building tunnels and deep pits in unstable conditions, without any government regulation or oversight. The greatest risk associated with illegal artisanal mining activities is safety. Due to the existence of a state of Force Majeure, the Company has not had access to and has been unable to directly monitor its Passendro project. Assuming the lifting of the Force Majeure and the resumption of operations at the project, the presence of illegal miners could also lead to project delays and disputes regarding the development or operation of mineral deposits. The illegal activities of miners could cause pollution and other environmental damage or other damage to mineral properties, as well as personal injury or death. Ongoing and escalating political and interreligious conflict in the CAR have disrupted exploration and mining activities in the past and may affect the Company's operations or plans in the future. In addition, publicity adverse to the Company, the Company's operations, or extractive industries generally, could have an adverse effect on the Corporation and may impact relationships with the communities in which the Company operates and other stakeholders.

Concentration of Share Ownership

As at the date of this report, AOG Participations BV holds approximately 11.10% of the issued and outstanding common shares of the Company on a non-diluted basis, Shenglin Trading holds approximately 14.90% of the issued and outstanding common shares of the Company on a non-diluted basis and Dickson holds approximately 33.52% of the issued and outstanding common shares of the Company on a non-diluted basis.

Stock Price Volatility

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

Future Sales of Shares by Existing Shareholders

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

Health Issues

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

Compliance with Health and Safety Regulations

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

Requirement for Permits and Licenses

The operations of AXMIN require licenses, permits and in some cases renewals of existing licenses and permits from various governmental authorities. Except as set forth below, management believes that AXMIN currently holds or has applied for all necessary licenses 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 licenses and permits. However, AXMIN's ability to obtain, sustain or renew such licenses and permits on acceptable terms is subject to changes in regulations and policies and the discretion of the applicable governmental authorities.

The Bambari 1 and 2 Exploration Licences held by AXMIN in respect of the Passendro gold project were subject to renewal on or before March 21, 2019. Due to the current political environment in the CAR, the Company has not been able to file applications for the renewal of such Exploration Licences. At the report date, 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 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.

Dividend Policy

No dividends have been paid to date on the common shares of the Company. 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	**134,237,381**
Stock options	**7,900,000**
Fully diluted share capital	**142,137,381**

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 Information

This report contains “forward-looking information”, within the meaning of applicable Canadian securities legislation, which may include, but is not limited to, information 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 mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production (if any), costs of production (if any), capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, ability to raise funds, government regulation of mining operations, the ability to recommence operations at the Passendro gold project, the renewal of relevant exploration licences in which the Company has an interest, 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 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 information involves 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 information. 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 information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given 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 information, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

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”

Lucy Yan
Chairman and Chief Executive Officer

April 26, 2019