AXMIN

ANNUAL REPORT 2010

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DEVELOPING IN THE CENTRAL AFRICAN REPUBLIC

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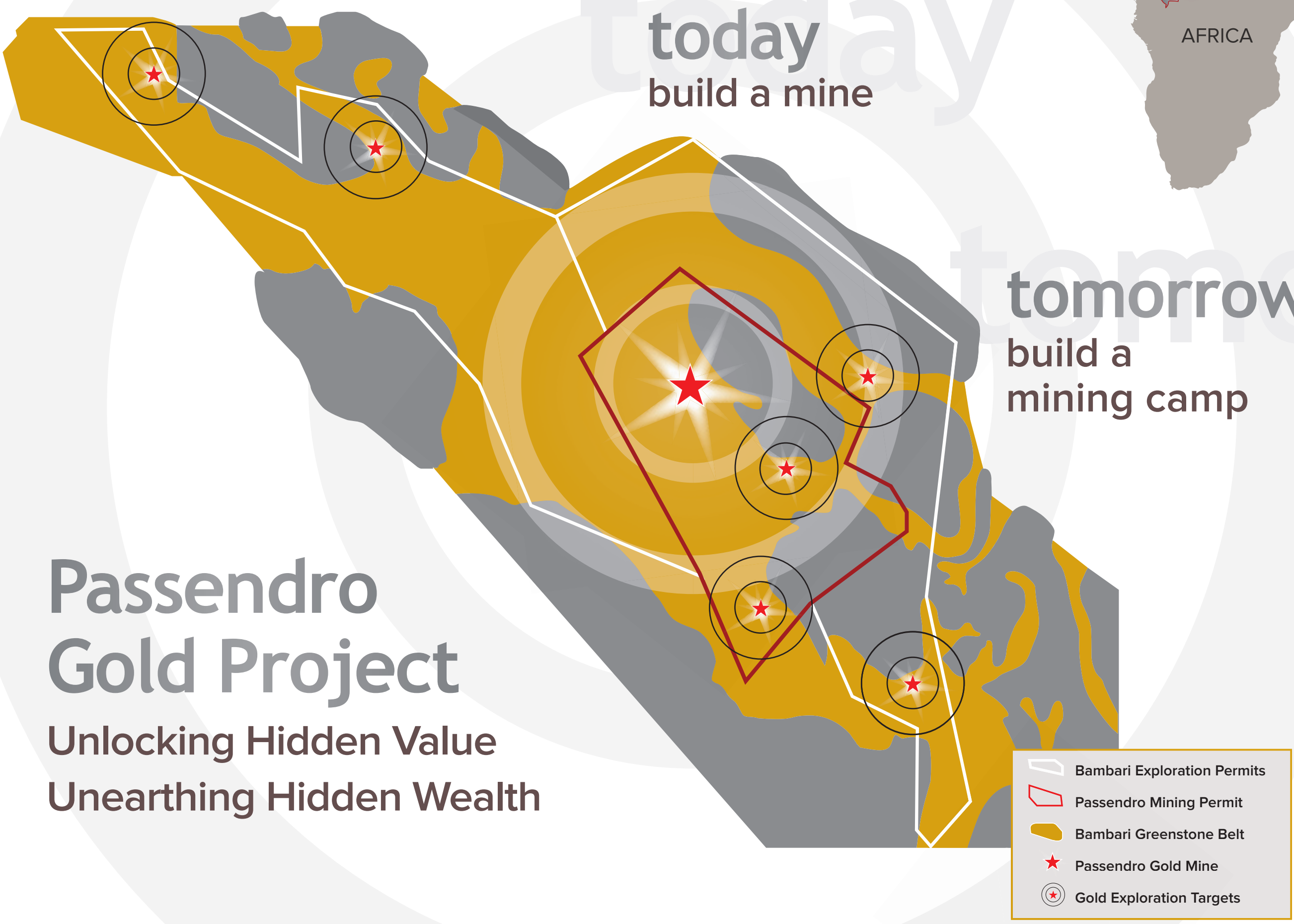

Passendro Gold Project

Unlocking Hidden Value
Unearthing Hidden Wealth

2011 REVALIDATED FEASIBILITY STUDY

Assumed Gold Price	$1,100/oz
Assumed Oil Price	US$80/bbl
Mine Throughput	2.8 mtpa
Mine Life	8.3 years
Development and Construction	24 months
Strip Ratio	5.4:1
Average Annual Production (year 1–3)	205,000 ozs
Average Annual Production (LOM)	163,000 ozs
Initial Capital Cost (excluding contingency)	US$246 million
Cash Operating Costs (including royalties)	US$484/oz Au

Average Metallurgical Recovery	94%
Gravity Recovery	30%
Payback Period	2.2 years
IRR (after tax and royalties)	**32.1%**
NPV (after tax, 5% discount)	**US$340 million**
Operating Cash Flows	**US$493 million**

First three years production average 205,000 ounces at a cash cost of US$437/oz result in rapid payback.

Interview with AXMIN's President and Chief Executive Officer Mr. George Roach

George, you took the helm of AXMIN this time last year – why was that such a good fit and what did you bring to AXMIN in terms of your background?

The fit was excellent, based on my strong relationship with the Central African Republic. We succeeded in securing the 25-year Mining Licence for Passendro; an addendum that reinforced the terms and conditions of the 2006 Mining Convention; and, we were awarded two 3-year Exploration Licences that ring-fenced the Mining Licence. The strength of this partnership will go a long way to ensure the expeditious development of CAR's first modern mine.

AXMIN also benefits from my years of working in Africa. Having negotiated tenure in both Francophone and Anglophone regions, I am at ease in this familiar environment. Most recently, as a founding Director and Managing Director Africa for UraMin Inc., I helped to build a successful uranium exploration business in several African countries that included CAR. I think I have a pretty unique relationship with the country and feel a special bond.

How would you characterize your performance to date; what were your key achievements and have you met your objectives?

Good question. When I joined AXMIN in June 2010, my key objectives were to obtain the Mining Licence for the Passendro project; revalidate the 2008 bankable feasibility study to reflect the current gold price and our increased reserves; and to secure the debt facility to build the project. I am pleased to report that we have all the necessary permits for Passendro and we now have a clear road ahead in which to develop the project. The results of the revalidated feasibility study were announced at the end of January 2011; and, shortly thereafter, the full report was published. The report demonstrates that the project is both technically and economically more robust and is well positioned to take advantage of this strong gold market. Its publication also gives us the documentation we need to secure lending arrangements to advance the project.

However, I am not resting on my laurels just yet. Over the past four months, with the assistance of Endeavour Financial, we have been working diligently and extensively with several banking consortiums and export credit insurance agencies for the arrangement of a debt facility, potentially up to 66% of the capital costs required to develop Passendro. I am optimistic that in the near future we will be in a position to announce to the public our progress toward a debt facility agreement.

Additionally, one of my goals has been to re-start exploration at Passendro and within our newly-awarded Bambari permits which combined with the Mining Licence cover 90 km of strike along the prolific Bambari greenstone belt. Francois Auclair, Vice President Exploration, and Denis Spector, our newly-appointed CAR Project Geologist, have outlined an aggressive drilling program with the intention of increasing reserves at Passendro, which will allow us to maintain the first three year production rate of 205,000 ounces per annum for the life of mine.

AXMIN stock performance has been somewhat of a disappointment; can you give shareholders or potential investors a few reasons to hold their positions or to buy now?

Actually, since June 2010, our market capitalization has increased 32 percent. Having said that, and looking at the recent mergers and acquisitions with companies of comparable reserves and resources and in similar stages of development, our share price is significantly undervalued. I believe this will change dramatically once we secure the debt facility for Passendro, at which time we expect a significant re-rating of the stock.

So why buy now? Frankly, we are extremely undervalued. As one of our Institutional shareholders commented, "AXMIN is priced to fail and not to succeed". Considering this, once the debt facility has been secured a great deal of the project risk will be removed and we anticipate that the compelling economics that were demonstrated in our revalidated feasibility study will steadily improve as the price of gold climbs. Management believes its current aggressive exploration program in CAR will not only increase resources and reserves at Passendro, but will signal to the market that we are not just sitting on one mine but controlling what could potentially be a mining camp.

What is your outlook for AXMIN going forward; what do you expect to be the hurdles; and how do you see the Company overcoming them?

My number one objective going forward is to secure the lenders agreements to build the Passendro mine and I believe that we are well along the road to achieving that goal. As well, I have set several other goals for the Company as we progress forward in 2011, namely:

Build the mine team that will develop Passendro – In February 2011, Alex du Plessis was retained as an Engineering Advisor and is assisting in strengthening AXMIN's mine development expertise. We have recently agreed to terms with a Chief Operating Officer, who has built and operated major mines in Africa and we expect to announce his appointment in mid-May.

Price and cost optimizations – AXMIN's Passendro project team is working with the engineering groups to identify areas requiring optimization that potentially could result in lowering the capital and operating costs, such as mill throughput optimization, contract mining and over-the-fence power supply agreements.

Monetise assets for which we were receiving no value in our market capitalisation – In February 2011, we announced the spin-off of our Sierra Leone assets into a publicly trading vehicle of which AXMIN would retain a significant interest. This transaction potentially could afford AXMIN the opportunity to monetize its Sierra Leone assets within this calendar year.

Increase resources at Passendro – As I mentioned above, we are aiming to expand our reserve base at Passendro with the next phase of drilling targeting untested strike and depth extensions that are situated within or at close proximity to the newly defined reserve. As the program evolves, we plan to expand beyond the mine area to high priorities first within the Mining Licence and then further along the belt.

Additionally, management will continue to assess and take advantage of any opportunities that will further develop the company's growth.

Any last words?

Management and the Board are focused single-mindedly on building Passendro and we expect the year before us to further emphasize that sentiment. It is my hope that next year at this time I will be telling you that our peers feel they are undervalued compared to AXMIN!

I would also like to extend my appreciation to the AXMIN team and Board of Directors for their support and guidance during my first year as AXMIN's CEO and to you, our shareholders, for your continued confidence in our ability to unlock the tremendous value the Company holds in the development of Passendro.

"Signed"

George Roach
President, CEO and Director

April 27, 2011

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the years ended December 30, 2010 and 2009. The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto ("Statements") of AXMIN Inc. ("AXMIN" or the "Company") as at and for the year ended December 31, 2010, as well as the audited consolidated financial statements of the Company as at and for the year ended December 31, 2009 including notes thereto. The Company's Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

All amounts included in the MD&A are in thousands of United States dollars, except where otherwise specified and per unit basis. This report is dated as of April 27, 2011. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website (www.sedar.com).

2010 Highlights

- March 2010 - AXMIN entered into a definitive agreement with Avion Gold Corporation ("Avion") to sell the Kofi Gold Project and other ancillary permits in Mali for proceeds of up to C$500 cash and up to 4,500,000 common shares of Avion. To date AXMIN has closed on six of the nine licences.
- June 2010 - AXMIN completed the acquisition of all of the outstanding securities of AfNat Resources Limited ("AfNat") by way of a scheme of arrangement under the laws of Bermuda. In consideration for the acquisition, AXMIN issued an aggregate of 206,267,300 common shares and 14,961,345 share purchase warrants to holders of AfNat securities for a total value of C$20.6 million measured at fair value of AXMIN's common shares at the time of closing. After the closing, George Roach replaced Mario Caron as AXMIN's President and Chief Executive Officer ("CEO").
- August 2010 – AXMIN was granted a 25-year Mining Licence for its Passendro Gold Project ("Passendro") in the Central African Republic ("CAR"). In addition, it was granted two 3-year renewable exploration licences Bambari 1 and 2 which ring fence the Mining Licence and cover 90km of strike along the Bambari greenstone belt.
- September 2010 – AXMIN granted Ferrum Resources Ltd. ("Ferrum"), a private BVI registered Company, the right to apply for prospecting rights for iron ore over the Bambari I permit. On the date of the grant to Ferrum by the CAR government of an Exploration licence for the iron rights only, AXMIN will have earned a 25% participating interest in the Topa Iron Ore deposit, free carried for the first $4 million.
- October 2010 – AXMIN hosted the CAR government representatives, including Colonel Sylvain Ndoutingaï, Minister for Mines, in Toronto for a week to meet with AXMIN shareholders and investors.
- November 2010 – AXMIN completed a C$10 million non-brokered private placement offering, gross proceeds of which was increased from C$ 6 million a week earlier due to increased demand.

Post Year-End Highlights

- January 2011 – AXMIN announced, on schedule, the completion of the revalidated Feasibility Study ("FS) for its 100% owned Passendro project in CAR. The FS results indicate a robust project with a Net Profit Value ("NPV") at a 5% discount of US$340 million, an Internal Rate of Return ("IRR") of 32%, and a low cash cost of US$484/oz over a mine life of 8.3 years.
- February 2011 - AXMIN closed its previously announced acquisition of the minority interest in the Nimini Hills East and West licences (Komahun Gold Project), thereby increasing AXMIN's ownership in the project to 100%.
- March 2011 - AXMIN announced a proposed Transaction that would spin-off its wholly-owned Sierra Leone assets into a publicly traded company, of which AXMIN would retain a significant interest. The proposed Transaction is expected to realize the full value of these assets and could also afford the Company the opportunity to monetize the asset, if required, to support the development of the Passendro.

Business and Summary of Activities

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

Corporate Activities

During 2010 and early 2011, AXMIN has disposed of several of its non-core assets to further strengthen its balance sheet and to focus the Company on the development of its premier asset, the Passendro Gold Project, These transactions include:

a) On January 10, 2011, the Company disposed of all of its CDC share holdings for 0.30 GBP/share resulting in total net proceeds of 2,866 GBP (US$4,462);
b) As of March 2011, AXMIN has closed on the transfer of six of nine licences in the Kofi Gold Project to Avion representing 70% of the total consideration with closure of the remaining three licences to follow;
c) In November 2010 AXMIN completed the sale of its interest in Niger Uranium Limited for net proceeds of approximately $1,076;
d) On September 9, 2010, the 3,000,000 common shares of Noble held by the Company were sold at approximately $0.25 per common share resulting in the realized gain of $743; and,
e) On September 30, 2010, 80,505 ordinary shares of Kalahari held by AXMIN were sold at approximately GBP 1.50 resulting in net proceeds of GBP 120 ($190). The sale resulted in the realized gain of $1 reported in the consolidated statements of operations and deficit.

On November 25, 2010, AXMIN closed a non-brokered private placement offering (the "Offering") of 83,333,333 Units (the "Units") in the Company at a price of C$0.12 per Unit, for total gross proceeds of C$10 million. Each Unit consisted of one common share, plus one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share of AXMIN at a price of C$0.18 until November 25, 2012. AXMIN has the right to call the warrants by giving 30 days notice at any time if the common shares of AXMIN trade at C$0.23 or higher on a Volume Weighted Adjusted Price ("VWAP") for a period of 15 consecutive trading days.

Proceeds of the Offering were used for the completion of the revalidated FS for the Passendro project located in CAR, for exploration on its permit areas in CAR that have the potential to increase available resources at Passendro and to begin the soft start portion of the mine development to bring forward the production date. AXMIN announced the results of the revalidated FS on January 31, 2011 which profiled a significantly improved project, both technically and economically. AXMIN now has all the documentation it requires to secure lending agreements to advance the project and has also re-engaged Endeavour Financial Limited ("Endeavour") to provide debt finance advice.

From October 3 to 7, 2010, AXMIN hosted the CAR Government representatives in Toronto for the week to meet with the Company's shareholders and investors. The representatives include Lieutenant Colonel Sylvain Ndoutingaï, Minister for Mines, Aime Nganare, l'Office de Recherches Géologiques et d'Exploitation Miniére ("ORGEM") and Madame Marlyn Mouliom Roosalem, Ministre, Conseiller Economique et Financier à la Présidence and Chairperson of ORGEM.

On June 14, 2010, AXMIN completed an acquisition of all of the outstanding securities of AfNat by way of a scheme of arrangement under the laws of Bermuda. AfNat was an AIM listed Company with the majority of its assets consisting of cash and marketable securities. In consideration for the acquisition, AXMIN issued an aggregate of 206,267,300 common shares and 14,961,345 share purchase warrants to holders of AfNat securities for a total value of C$20.6 million measured at fair value of AXMIN's common shares at the time of closing, being C$0.10 per share less share issuance cost of C$30.

On closing, all of AfNat's outstanding securities were delisted from the AIM on the London Stock Exchange and the former securityholders of AfNat held in the aggregate approximately 40% of the issued and outstanding shares of AXMIN (or approximately 37% on a fully-diluted basis). Following the acquisition, George Roach replaced Mario Caron as AXMIN's President and CEO and the board of directors was reconstituted to include representatives from AfNat.

Exploration and Development Activities

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

Project	Operator	Mineral	Location	Ownership
Passendro	AXMIN	Au	Central African Republic	100%
Bambari 1 and 2	AXMIN	Au	Central African Republic	100%
Komahun	AXMIN	Au	Sierra Leone	100%
Matotoka Permit	AXMIN	Au	Sierra Leone	100%
Joint Ventures				
Senegal Permits	Terranga Gold	Au	Senegal	49%[1]
Satifara Permit	SEMOS	Au	Mali	94.45%
Mavita Permit	AXMIN	Ni, Cu	Mozambique	100%

1. Mineral Deposits Limited ("MDL") has earned 51% and AXMIN has optioned to reduce its interest to 20% by MDL spending a further US$3.5 million.

Reserves and Resources

MINERAL RESERVES

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

MINERAL RESOURCES

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

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

Note *All resources and reserves are NI 43-101 compliant*
Passendro: Reserves as of January 2011; included in the Measured and Indicated Resources as of June 2009; cut-off grades vary from 1.2 g/t Au, 1.0 g/t Au and 0.8 g/t Au
Komahun: Resources as of September 2008; cut-off grades plus 1.8 g/t Au

CAR – Passendro Gold Project

The Company's primary asset is the Passendro Gold Project, which is situated in the centre of its 25-year Mining Licence (355 sq km) which was awarded to AXMIN in August 2010. At the same time, the Company was also awarded two Exploration Licences Bambari 1 and 2 (1,240 sq km), which ring fence the Mining Licence and cover a 90 km strike of the Bambari greenstone belt. The positive results of the revalidated FS were announced on January 31, 2011 and subsequently the revalidated FS Summary Report was filed on SEDAR on March 17, 2011 (www.sedar.com). The revalidated FS and updated reserve statement was completed by the original 2008 Bankable Feasibility Study (" BFS") team led by SENET (PTY) Ltd. ("SENET"), SRK Consulting (UK) Ltd ("SRK"), AMEC Earth and Environmental Ltd. (tailings, waste rock), SGS Lakefield of South Africa (metallurgy) and Golder Associates (UK) Limited. The Company now has all of the documentation necessary to secure the debt financing for the project and is doing so with the assistance of Endeavour.

On March 17, 2011, AXMIN announced plans for a 20,000 metre Reverse Circulation ("RC") and core diamond drilling, of which the initial 30 RC holes totaling 5,000 metres will focus on targets in and around the Passendro ore bodies. The key objectives of the 2011 exploration program are:

- The enhancement of AXMIN's resource base at Passendro, targeting untested strike and depth extensions which are situated within or at close proximity of the newly defined reserve, with the goal of connecting existing pits and increasing the in-camp mineral resource;
- Drill five targets that have been selected by AXMIN in the region of Passendro and within the Mining Licence that demonstrate favourable structural and geochemical signatures; and
- Explore several high priority targets delineated from previous AXMIN exploration work along the Bambari greenstone belt and within the Bambari I and 2 exploration licences.

On February 17, 2011, AXMIN engaged Alex du Plessis as its mine development advisor, to ensure that the Company has the engineering and project management expertise necessary to coordinate the work being undertaken by SENET and others to bring the Passendro resource into production. Mr. du Plessis is also advising the Company on the areas that were identified in the FS that require optimization and that may result in a lower capital cost, thereby further improving the project's economic profile.

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

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

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

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

During 2010 and 2009, AXMIN conducted a restricted exploration program on the Bambari permits. The program focused on detailed geological, geomorphological and structural mapping, limited termite sampling and where applicable trenching. The program covered the Passendro Project area and extended south to the Ndassima Project area, some 30 km of strike. The objective of the program was to generate new drill targets to expand the resources base in the immediate Passendro area.

On September 11, 2009, AXMIN expressed to the government of CAR intent to not renew the Bakala, Bogoin II and Pouloubou permits. The decision was due partly to the availability of cash and that the properties would fall under the governance of the new mining code in CAR. The carrying value of Bakala in the amount of US$372 was subsequently written-off as of September 30, 2009.

On June 18, 2009, the Company reported a 30% increase in the Measured and Indicated resource at Main Zone, Passendro project in CAR. This, together with the updated resources at Katsia, Baceta and the new zone Mbourou, represents a 10% increase in the overall resources. The mineral resource estimates have been prepared by independent consultants, SRK, under the guidelines of National Instrument 43-101 and accompanying documents 43-101.F1 and 43-101.CF. The full technical report can be found on the SEDAR website at www.sedar.com.

The Measured and Indicated resource is now 2.0 million ounce gold (31.5 Mt grading 2.0 g/t Au) and an Inferred Mineral resource of 1.1 million ounce gold (21.7 Mt grading 1.6 g/t Au). Separately, a low grade (0.3-0.8 g/t Au) mineral resource estimate at Main Zone has also been completed which contains an additional 458,000 ounces of Measured and Indicated resource and 550,000 ounces of Inferred resource. It is anticipated that a significant amount of the low grade resource at Main Zone could lie within the future pit. The additional low grade resource coupled with the 30% increase in the measured and indicated resource at Main Zone, much of which is within 40 metres, of surface has the potential to significantly reduce the stripping ratios at the Main Zone pit.

On March 17, 2009, in light of current project finance and economic conditions, the Company announced the results of a Study which considered a reduced production profile at Passendro. The Study proposes that the re-configured project produces similar economics at a lower capital cost compared to the 2008 BFS. Results of the study can be found on the SEDAR website at www.sedar.com. This study was based on the Mining Reserve estimate used in the 2008 BFS which was based on US$750/0z gold.

Sierra Leone – Komahun Gold Project and Other Permits

On March 1, 2011, AXMIN announced that it had signed a Letter of Intent dated February 28, 2011 with Fuller Capital Corp. ("FCC"), a capital pool company, to complete a business combination that will result in FCC, directly or indirectly, acquiring AXMIN's assets in Sierra Leone, which includes the Nimini Hills East and West Exploration Licences and Matotoka Exploration Licence. In exchange, AXMIN is expected to receive a controlling interest in FCC upon completion of the Transaction, which will be reduced to approximately 40% after a distribution of Fuller shares to AXMIN shareholders. In conjunction with the proposed Transaction, and through an AXMIN wholly-owned subsidiary, it intends to complete a concurrent private placement of not less than C$5 million in order to provide FCC with capital to develop the Sierra Leone assets.

The Proposed Transaction enables the development of AXMIN's assets in Sierra Leone without diverging from AXMIN's core strategy of developing the Passendro Gold Project located in CAR.

Completion of the proposed Transaction is subject to a number of conditions; including, but not limited to, the execution of a definitive agreement between AXMIN and FCC in respect of the proposed Transaction, completion of satisfactory due diligence and the receipt of all required regulatory approvals, including the approval of the Exchange and FCC shareholders.

On February 15, 2011, AXMIN announced the closing of the acquisition of the minority interest in its Nimini Hills East and West licences, thereby increasing AXMIN's ownership in the licences to 100%. AXMIN's Komahun Gold Project ("Komahun") has an Indicated Mineral Resource of 370,000 tonnes grading 9.1 g/t Au (110,000 ounces) and an Inferred Mineral Resource of 3.1 million tonnes grading 4.3 g/t Au (435,000 ounces).

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

In November 2009, the Company learned that the Government of Sierra Leone had passed a new Mining Act increasing royalties to 5% for gold as well as requiring mining companies to spend 0.1% of annual revenues on community projects. At this time, it is difficult to assess the impact of these changes since the Sierra Leone properties are still in the preliminary stages of exploration.

On September 15, 2009, the Company decided to terminate its interest in the Gori Hills Joint Venture and all permit rights were returned to the other Party.

In August 2009, the Company announced results of a limited exploration program covering its Nimini Hills licences, which was initiated as a result of the encouraging drill results in 2008 and the positive Scoping Study announced in March 2009. The geological mapping, sampling and trenching program took place during the first quarter 2009. The purpose of the program was to identify the favourable geological unit and mineralised horizons outside of the main zone of mineralisation at Komahun. During the program, approximately 500 geochemical soil samples and pit / trench samples were collected and prepared for shipping and analysis at ALS Laboratory in Mali.

The program successfully identified three areas of interest in particular a banded iron formation ("BIF") ridge situated some 4 km to the south-southwest of the Komahun Main Zone called Sendekor Zone. The geology of this area is very similar to the one observed at the main zone. The mineralised horizon can be traced over a 2-3 km strike and follow a north-northwest trend over a series of high ridges of similar orientation. Limited pitting and trenching was completed and is expected to be continued after the rainy season in fourth quarter of 2009. It is expected that the Company will follow-up with a limited drilling program designed to test the new mineralised structures in 2010.

At June 30, 2009, due to the increasing limitations in raising capital in the markets, the Company reassessed its carrying value of the Nimini asset in Sierra Leone and came to the conclusion that the current carrying value exceeded the fair value. The impairment charge was determined at US$4.3 million in order to reflect fair value of the project.

On March 12, 2009, the Company announced the results of a Preliminary Economic Assessment or Scoping Study for its Komahun project, Nimini Hills Joint Venture located in east-central Sierra Leone. The Scoping Study demonstrated that the Komahun has potential for development as an underground gold mine with target production levels of about 50,000 ounces per annum, with an estimated 6 year mine life. In addition, economics for the project could be substantially enhanced by future exploration success that is targeting the immediate vertical extensions to the ore body which remain open beyond the currently known depth of 350 metres beneath surface.

The Scoping Study indicates that at a gold price of US$750/oz, Komahun has a NPV of US$11.0 million (at a 5% discount rate) and at US$900/oz gold the NPV figure increases substantially to US$48.0 million. This does not take into consideration the positive impact on NPV that resource increases will have on the project. The Scoping Study (+/-25 to 30% contingency) has provided guidance for planned exploration that justifies expansion of drill testing to depths of approximately 500 metres beneath surface with the objective of increasing resources and mine life.

Mali

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

As of the date of this report, the sale of 6 out of the 9 total permits was completed with a significant tranche closing in December 2010. The payment schedule for each closed sale is in four tranches as follows: 25% on closing, 25% in 3 months following the closing, 25% in 12 months following the closing and 25% in 18 months from the date of closing respectively. To date, AXMIN received 50% of the proceeds from the closing of the four permits in December 2010 consisting of $163 cash and 1,462,500 common shares of Avion and, 25% of proceeds relating to the closing of an additional 2 permits in March 2011 consisting of US$6.2 cash and 56,250 shares. AXMIN expects the remaining three concessions of the transaction to close by the end of third quarter 2011.

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

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

The Satifara permit is located in the same geological trend and environment as the Birimian hosted, Sadiola Mine. To date exploration has located a 5 km long northwest-trending gold-in-soil geochemical anomaly that is 1.5 km wide in its northern part and 0.25 km wide in its southern part. Over the anomalous areas an infill (200 x 100 metre grid) geochemical survey was completed in conjunction with a number of trenches, one of which returned 3.4 g/t Au over 34 metres.

Exploration will be fully managed by SEMOS during the exclusive option period, including all expenditures pertaining to exploration, administration, taxes and permit renewal fees. SEMOS will also provide AXMIN with quarterly technical and financial reports on the programs.

Senegal Permits

In November, 2010, AXMIN elected not to participate in further expenditures funding and expressed its intent to dilute further to 20%.

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

On October 2, 2009, AXMIN announced the results of a reconnaissance program carried out by MDL on the Sonkounkou licence which included 16 trenches along a known geochemical gold anomaly. Significant results to date include a 78 metre interval grading 0.89 g/t Au inclusive of a smaller interval of 10 metres grading 4.41 g/t Au.

On November 3, 2008, the Company concluded a JV with Sabodala Mining Company SARL, a wholly owned subsidiary of MDL whereby MDL may earn a 51% interest in AXMIN's wholly-owned gold exploration permits, Sonkounkou, Heremakono and Sabodala NW located in the Birimian belt of Eastern Senegal.

The terms of the JV with MDL include:

a) MDL must spend a total of US$2.5 million over three years to earn a 51% interest in each permit, with a minimum expenditure of US$500 in year one, US$800 in year two and US$1.2 million in year three. There is a minimum expenditure of US$800 before it may contemplate withdrawing from the JV.
b) Following earn-in, AXMIN may elect to maintain its 49% interest by funding future expenditure on a pro rata basis, or it may elect to dilute further to 20% in return for MDL spending a further US$3.5 million over an additional three year period. At that stage AXMIN may elect to participate or transfer its residual interest to MDL in return for a 1.5% royalty.

For a fuller description of the above properties and any other properties in which the Company holds interests refer to the disclosures in note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2009 and other filings made on the SEDAR website (*www.sedar.com*).

Mozambique - Mavita Project

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

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

Outlook

The business combination with AfNat in June 2010, combined with the equity financing in November 2010, resulted in a gross cash injection into the Company of C$20.3 million which significantly improved the financial position of the Company. The award of the 25-year Mining Licence for the Passendro Gold Project represents another positive step forward towards commercial production from CAR's first modern gold mining operation.

The granting of the Mining Licence for the Passendro Gold Project and exploration of the properties in the CAR remains the main priority of the Company. Although, efforts to obtain debt financing continue, there are no guarantees that such capital raising will be successful. The ability of AXMIN to continue as a going concern is dependent on its ability to raise additional financing.

Results of Operations

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

In thousands of US dollars, except per share amounts	**2010 4th quarter**	**2010 3rd quarter**	**2010 2nd quarter**	**2010 1st quarter**
Statements of operations and comprehensive loss				
Net (loss) from continuing operations for the period	(3,998)	(893)	(2,943)	(805)
Net (loss) gain from discontinued operations	2,881	(115)	(126)	(1,282)
Net loss per share from continuing operations	(0.004)	(0.002)	(0.011)	(0.003)
Balance sheets				
Working capital	14,495	(1,245)	8,782	(376)
Total assets	71,040	59,875	52,694	35,546
Statements of cash flows				
Investments in exploration and development	(2,376)	(5,351)	(1,085)	(174)
Cash flow from financing activities	9,443	(13)	(29)	1,083

	2009 4th quarter	**2009 3rd quarter**	**2009 2nd quarter**	**2009 1st quarter**
Statements of operations and deficit				
Net (loss) from continuing operations for the period	(484)	(1,138)	(45,315)	(713)
Net (loss) from discontinued operations for the period	-	-	(6,800)	-
Net (loss) profit per share from continuing operations	(0.002)	(0.004)	(0.155)	(0.003)
Balance sheets				
Working capital	(351)	(401)	516	(153)
Total assets	35,989	34,329	34,830	84,748
Statements of cash flows				
Investments in exploration and development	(710)	(879)	(1,005)	(845)
Cash inflow from financing activities	1,322	578	2,026	-

Year ended December 31, 2010

The net loss from continuing operations for the year ended December 31, 2010 was US$8.6 million compared to US$47.7 million in 2009, a decrease of US$39.1 million. The variance is primarily due to impairment charges of exploration and development costs in 2009 offset by an increase in administrative expenses in 2010.

Administration expenses in 2010 were US$5.6 million compared to US$2.2 million in 2009. The principal reason for this increase was due to transaction costs relating to the acquisition of AfNat and professional and consulting fees incurred in connection with obtaining the Mining Licence for the Passendro project and accompanying Exploration Licences.

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

During the year ended December 31, 2010, the Company capitalized exploration and development costs for a net total of US$9.0 million (of which net US$7.5 million related to the Bambari Permits) compared to US$3.4 million (of which US$2.1 million related to the Bambari-Bakala Permits) during the year ended December 31, 2009. As at December 31, 2010 the Company's cumulative capitalized carrying value of exploration and development expenditures was US$46.7 million compared to the December 31, 2009 balance of US$30.2 million. The principal reasons for this increase are additions of exploration and development costs acquired from AfNat in the amount of US$3.6 million and the expenditures and amounts in relation to the mining licence for the Passendro project in the amount of US$13.8 million, offset by the sale of exploration equipment of $0.9 and the write-down of exploration and development costs of US$3.6 million. Exploration and development costs relating to Mali of US$4.4 million were reclassified and reported as assets of discontinued operations,

The marketable securities increased to US$6.6 million as at December 31, 2010 compared to USD$0.8 million in 2009. The principal reason for this increase was the investment in marketable securities of CDC acquired from AfNat with a fair market value of US5.2 million and shares received from Avion having a fair value of US$1.4 million.

Amounts receivable increased by US$3.1 million when compared to 2009 US$0.1 balance. The increase is due to the recording of accounts receivable for the Avion shares relating to the closing of the mining permits transferred.

Total liabilities at the end of December 31, 2010 amounted to US$8.6 million compared to US$1.3 million in 2009. The increase is mainly attributed to bonus payments payable to the Government of CAR of approximating US$5.5 million and to the increase in the loan payable to AOG by US$1.3 million. Other items that increased in 2010 were higher accounts payable and accrued liabilities resulting from increased activities in 2010 when compared to 2009, as well as recording of a tax provisions in the amount of $0.3 million for the discontinued operations.

Gain/loss from Discontinued Operations

The assets, liabilities and results of operations of Mali have been separately reported as discontinued operations in the consolidated balance sheets and consolidated statements of operations and comprehensive loss.

As of December 31, 2010, the Company incurred a cash outlay of $15 in directly related professional costs and recorded a net gain from discontinued operations of $1,358, inclusive of a tax provision of $326. At the time of entering into a sale transaction, the mining assets of Mali were written down to $3,460 to reflect their fair value, and the impairment charge in the amount of $985 is included in the gain from the discontinued operations. The gain from the discontinued operations results from a significant increase in the fair value of the Avion shares, C$0.67 in March, 2010 to C$1.97 in December, 2010.

Liquidity and Capital Resources

Going Concern

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

The consolidated financial statements have been prepared on the basis that the Company is a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at December 31, 2010, the Company has a working capital of $14,495, no source of operating cash flows and does not have sufficient cash to fund the development of its properties. It will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities.

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

The award of the Mining Licence for the Passendro Gold Project was an important milestone for the Company's operations. However, significant funding will be required to proceed with the development towards commercial production.

There can be no assurances that the Company's activities will be successful, or sufficient funds can be raised in a timely manner. As a result, there is significant doubt regarding the "going concern" assumption and accordingly, the use of accounting principles applicable to a going concern. The consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. If the "going concern" assumption was not appropriate for the consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, expenses and balance sheet classifications, which could be material, would be necessary.

Liquidity and Capital Resources

The private placement completed on November 25, 2010 generated gross proceeds of $C10 million ($C9.5 million net). Combined with the $10.3 million of cash acquired from the result of the amalgamation with AfNat and the disposal of marketable securities, these transactions have been the main source of funding for the company's ongoing expenditures. The 25-year Mining Licence obtained for the Passendro project is a positive step towards the task of obtaining financing necessary to proceed with the development.

The Company's main sources of funding are equity markets, marketable securities, outstanding warrants and options. As at December 31, 2010, the Company had cash resources of $9.3 million compared to $0.3 million balance as at December 31, 2009. All of these amounts are retained as cash on deposit, thus minimizing the credit risk. The increase in cash resources at year end is due to cash generated from the private placement and proceeds from the sale of marketable securities.

During 2010 and 2009, the Company's significant shareholder AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited, provided the Company with three loans totalling C$1.6 million bearing interest at 9% per annum. As of the date of this report, the loan balance including the accrued interest was fully paid on January 11, 2011 in an aggregate amount of C$1,740.

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

Investment in Avion

In December, 2010, AXMIN closed the sale to Avion of four out of the nine mining permits in Mali to Avion representing 65% of the total sale consideration. Management intends to sell these shares upon expiry of the four-month hold period. On December 31, 2010 the fair value of a share was C$1.97 compared to C$1.77 on December 23, 2010 resulting in an unrealized gain of $170 reported in other comprehensive income. As of the day of this report, AXMIN closed two additional permits and received 25% of cash and share consideration.

As at December 31, 2010, the Company had a working capital of US$14.5 million compared to a working capital deficit of US$0.4 million as at December 31, 2009. The increase in working capital in 2010 results from cash inflow from the private placement and the disposal of marketable securities.

Contractual Obligations

The Company has entered into agreements to lease premises for various periods until March 31, 2011 and October 31, 2013. The annual rent of premises consists of minimum rent of US$156 plus realty taxes, maintenance and utilities.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Parties

During the year ended December 31, 2010 and 2009, the Company incurred:

(a) $615 (2009 - $196) in legal services provided by a partnership related to a director of the Company. At December 31, 2010, $90 (2009 - $160) was due to this partnership.
(b) $22 (2009 - $46) in management services from the Addax and Oryx Group ("AOG"). As of June 30, 2010, the management fee was no longer payable and the balance owing to AOG was fully paid in July, 2010.

Future Accounting Changes

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that Canadian Generally Accepted Accounting ("GAAP") principles would cease for publicly accountable enterprises and the International Financial Reporting Standards ("IFRS") would become the new basis of accounting. The effective changeover date is January 1, 2011, at which time Canadian GAAP will be replaced by IFRS. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011 including comparative IFRS financial results and an opening balance sheet as at January 1, 2010. The first annual IFRS consolidated financial statements will be prepared for the year ended December 31, 2011 with restated comparatives for the year ended December 31, 2010.

In 2010, management put into place a conversion plan that includes four phases: i) education and awareness ii) identifying major differences between current Canadian GAAP and IFRS iii) impact on systems and processes and iv) implementation. At the date of this report, phases ii) and iii) are completed, while phases i) and iv) of the plan remain to be a continuing initiative of the Company.

Based on the assessment of the differences of its existing significant financial statements line items, comparing Canadian GAAP to the corresponding IFRS guidelines, management has identified a number of differences. The expected impact would be in the areas of mineral properties, impairment charges, stock-based compensation, functional currency, property, plant and equipment, taxes and first time adoption. Many of the differences identified are not expected to have a material impact on the reported results and financial position.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS.

The following are the optional exemptions which the Company is considering:

- Business combination election – the election allows the Company to adopt IFRS 3, *Business Combinations* prospectively from the date of transition rather than retrospectively restating business combinations to the date of transition.
- Share-based payments election – the election enables the Company to adopt IFRS 2, *Share based Payments*, from the date of transition to IFRS rather than retrospectively restating certain of the Company's share-based payment awards.

Based on management's evaluation, most of the adjustments required on the transition date to IFRS will be made retrospectively against opening retained earnings as of January 1, 2010, the date of the first comparative balance sheet presented under IFRS.

Set out below are the most significant area, management has identified to date, where changes in accounting policies are expected to impact the Company's consolidated financial statements based on the accounting policy choices available.

<u>Impairment of Long Lived Assets – IAS 36</u>
Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with discounted cash flows.

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

Exploration and Evaluation (E&E) Assets – IFRS 6
Under IFRS 6, the Company has two options for its E&E assets; i) retain existing policy, or ii) adopt a new accounting policy. Under the Company's current accounting policy, acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon are capitalized. Upon adoption of IFRS, the Company would expense exploration expenditures prior to the point of a feasibility study and capitalize exploration costs after the completion of a feasibility study.

The Company is currently considering adopting a new accounting policy under IFRS, which will have significant impact on the balance sheet as at the transition date. The new policy will defer the recognition of E&E assets to a later point of completion of feasibility study and obtaining an exploitation permit in the exploration process. This will result in the write-off of the majority or all of the existing E&E assets at the transition date.

Property, Plant and Equipment – IAS 16
Under IFRS, Property, Plant and Equipment ("PP&E") can be measured at fair value or at cost while under Canadian GAAP, and the Company has to carry PP&E on a cost basis and the revaluation is prohibited. Upon adoption of IFRS, the Company has to determine whether to elect a cost model or revaluation model. The PP&E balance is insignificant to the consolidated financial statements, and as a result, the impact on the Company's financial statements will not be material upon the adoption of IFRS on the Company's financial statements.

In accordance with IAS 16 "Property, Plant and Equipment", the Company needs to allocate an amount initially recognized in respect of an asset to its component parts and accounts for each component separately when the components have different useful lives or the components provide benefits to the entity in a different pattern.

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

Upon adoption of IFRS 2, the accounting policy will be applied retrospectively to all equity instruments that have not vested as at January 1, 2010, the transition date. Based on the preliminary assessment and the low number of unvested options at the transition date, the impact of the retrospective application of the graded vesting method is low.

Foreign Currency – IAS 21
Under Canadian GAAP, there are two types of foreign operations: integrated (which is translated as if it has the same functional currency as the parent), and self-sustaining (which is translated as if it has a functional currency different from the parent).

Under Canadian GAAP, an entity is not explicitly required to assess the unit of measure (functional currency) in which it measures its own assets, liabilities, revenues and expenses, but rather only assesses the functional currency of its foreign operations. Further there is no ranking of factors used for determination of functional currency.

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with IAS 21 and the entity's financial results and position should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Currently the functional currency of the consolidated entity is the United States dollar ("USD"), which is also the presentation currency of the Company's financial statements.

The Company performed preliminary analysis considering primary and secondary indicators described in IAS 21 for each legal entity in determining the functional currency for each entity. Considering the significance of the Passendro project in

CAR, the preliminary analysis support the choice for USD$ as a functional currency for reporting purposes, however this is not conclusive at the date of this report.

As the project progresses and the underlying transactions, events and conditions relevant to the entities change, the Company will re-assess the primary and secondary indicators, as described in IAS 21, in determining the functional currency for each entity.
If functional currencies are identified other than USD$, retrospective application of IAS 21 is required which will result in a CTA balance at the transition date.

Income Taxes – IAS 12
A key difference has been identified in that a deferred tax liability is recognized under IFRS for a temporary difference, except to the extent the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (i.e. an asset acquisition).

The Company does not expect differences to arise in relation to the deferred tax liabilities that were recognized under Canadian GAAP.

Another key difference exists in that a deferred tax liability is recognized under IFRS for a temporary difference caused by changes in the exchange rate of non-monetary assets and liabilities settled in a foreign currency. The Company expects differences to arise given that Canadian GAAP does not allow the recognition of deferred tax liabilities for these foreign currency changes.

Disclosures
One of the more significant impacts of adopting IFRS identified to date is the expanded presentation and disclosures required. Disclosure requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and, therefore, will result in more extensive note references. The Company is continuing to assess the level of presentation and disclosures required to its consolidated financial statements.

The Company has completed a technical analysis to address all significant GAAP differences, many of which have been reviewed by the Company's auditors. Simultaneously, the Company is in the process of quantifying the impact of all adjustments to the opening balance sheet, and anticipates completion of this stage by the end of May 2011.

Risk Factors

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

The following is a description of significant risk factors:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government Regulation

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

Many of the mineral rights and interests of AXMIN are subject to government approvals, licences and permits. Such approvals, licences 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, licences and permits in full force and effect without modification or revocation.

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

Contractual Arrangements and Joint Ventures

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

Commodity Price Fluctuations

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

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

Competition

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

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

Currency Risk

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

Title Matters

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

Conflict of Interest

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

Management; Dependence on Key Personnel

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

Environmental Risks and Hazards

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

Concentration of Share Ownership

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

Stock Price Volatility

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

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

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

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

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

Dividend Policy

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

Share Capital

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

Securities	**Common shares on exercise**
Common shares	628,039,732
Stock options	28,550,000
Common share purchase warrants	135,846,878
Fully diluted share capital	**792,436,610**

Contingencies

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

Forward-Looking Statements

This report contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performances of AXMIN, its subsidiaries and their respective projects, the future price of gold, base metals and other commodities, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking information statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AXMIN and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, those factors discussed in the section entitled "Risk Factors" in this report. Although AXMIN has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this report based on the opinions and estimates of management, and AXMIN disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Additional Information

Additional information relating to the Company may be obtained from the SEDAR website (*www.sedar.com*) and the Company's website (*www.axmininc.com)*.

On behalf of the Board of Directors

"Signed"

George Roach
President, Chief Executive Officer & Director

April 27, 2011

AXMIN Inc.
Management's Report on the Consolidated Financial Statements

The accompanying consolidated financial statements of AXMIN Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and contain estimates based on management's judgment. Management maintains a system of internal controls adequate to provide reasonable assurance that transactions are authorized, assets are safeguarded and records are maintained.

The Audit Committee of the Board of Directors is comprised of three directors, none of whom is an officer or employee of the Company. The Audit Committee meets with management and the Company's auditors, Ernst & Young LLP, to review the consolidated financial statements before they are presented to the Board of Directors for approval.

The Company's independent auditors, Ernst & Young LLP, have conducted an audit in accordance with Canadian generally accepted auditing standards and their report follows.

"Signed"

George Roach
President, Chief Executive Officer and Director

"Signed"

Alex Dann
Vice President Finance and Chief Financial Officer

Auditors' Report

To the Shareholders of AXMIN Inc:

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of AXMIN Inc., which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of operations and deficit, shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $7.3 million and $54.5 million during the years ended December 31, 2010 and 2009 respectively. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Ernst & Young LLP
Chartered Accountant
Licensed Public Accountants

Toronto, Canada
April 27, 2011

Consolidated Balance Sheets

As at December 31, 2010 and 2009
(Nature of operations and going concern – *Note 1*)
(Expressed in thousands of United States dollars)

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	**9,278**	340
Marketable Securities *(note 13)*	**6,599**	801
Accounts receivable	**138**	68
Accounts receivable – other *(note 4)*	**3,060**	-
Prepaid expenses and deposits	**223**	47
	19,298	1,256
Exploration and development costs *(note 4)*	**46,698**	30,226
Goodwill *(note 5)*	**2,236**	-
Assets of discontinued operations *(note 6)*	**1,230**	4,445
Long-term receivable *(note 4)*	**1,530**	-
Other assets, net	**48**	62
	71,040	35,989
Liabilities and shareholders' equity		
Current and Long-term liabilities		
Accounts payable and accrued liabilities	**937**	542
Amounts payable to Government of the CAR *(note 4)*	**2,902**	-
Current portion of shareholder loan *(note 8)*	**548**	-
Amounts due to related parties *(note 8)*	**90**	264
Liabilities of discontinued operations *(note 6)*	**326**	-
	4,803	806
Long-term payable to the CAR Government *(note 4)*	**2,627**	-
Shareholder loan – long-term *(note 8)*	**1,197**	477
	8,627	1,283
Commitments and contingencies *(note 9)*		
Shareholders' equity *(note 7)*		
Share capital	**133,038**	105,374
Warrants	**5,391**	2,781
Contributed surplus	**9,274**	6,029
Deficit	**(87,560)**	(80,279)
Accumulated other comprehensive income *(note 10)*	**2,270**	801
	62,413	34,706
	71,040	35,989

See accompanying notes to the consolidated financial statements.

On Behalf of the Board of Directors

"Signed"

Robert Shirriff, Chairman

"Signed"

Robert Metcalfe, Director

Consolidated Statements of Operations and Comprehensive Loss

For the years ended December 31, 2010 and 2009

(Expressed in thousands of United States Dollars except per share data)

	2010	2009
Expenses		
Administration *(note 4)*	**5,593**	2,207
Impairment charges on long-lived assets *(note 4)*	**695**	45,173
Loss on disposal of assets *(note 4)*	**375**	-
Loss on disposal of investment, net *(note 6)*	**2,869**	-
Stock-based compensation *(note 7)*	**909**	334
	10,441	47,714
Other Income		
Gain on foreign exchange	**(245)**	(61)
Gain on sale of marketable securities *(notes 10 and 13)*	**(874)**	-
Unrealized gain on shares receivable from Avion *(note 4)*	**(509)**	-
Interest expense, net	**123**	(3)
	(1,505)	(64)
Loss from continuing operations before income taxes	**8,936**	47,650
Future income tax recovery on warrants expired *(note 7)*	**(297)**	-
Net loss from continuing operations for the year	**8,639**	47,650
Loss (gain) from discontinued operations, net of income taxes *(note 6)*	**(1,358)**	6,800
Net loss	**7,281**	54,450
Other comprehensive income		
Changes in unrealized gain on available-for-sale financial assets arising during the year *(note 10)*	**(2,343)**	(801)
Comprehensive loss for the year	**4,938**	53,649
Net loss (gain) per share (basic and diluted)		
Continuing operations	**0.020**	0.186
Discontinued operations	**(0.003)**	0.023
Basic and diluted loss per share	**0.017**	0.209
Weighted average number of common shares outstanding	**437,281,437**	292,137,709

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders' Equity

For the years ended December 31, 2010 and 2009

(Expressed in thousands of United States Dollars except per share data)

	2010 Number	2010 Amount ($)	2009 Number	2009 Amount ($)
Share Capital				
Authorized: Unlimited common shares				
Issued: Common shares				
Balance, beginning of year	**307,979,901**	**105,374**	272,279,901	102,655
Shares issued on acquisition *(note 5)*	**206,267,300**	**19,547**	25,000,000	1,296
Shares issued to Government of CAR *(note 4)*	**26,000,000**	**2,139**	-	-
Shares issued through private placement *(note 7)*	**83,333,333**	**5,978**	-	-
Exercise of warrants *(note 7)*	**-**	**-**	10,700,000	1,423
Balance, end of year	**623,580,534**	**133,038**	307,979,901	105,374
Warrants				
Balance, beginning of year	**55,966,667**	**2,781**	41,666,667	2,364
Warrants issued *(notes 5 and 7)*	**14,961,345**	**394**	25,000,000	730
Warrants issued to Government of CAR *(note 4)*	**20,000,000**	**1,110**	-	-
Warrants issued through private placement *(note 7)*	**87,065,833**	**3,483**	-	-
Warrants exercised *(note 7)*	**-**	**-**	(10,700,000)	(313)
Warrants expired *(note 7)*	**(42,146,967)**	**(2,377)**	-	-
Balance, end of year	**135,846,878**	**5,391**	55,966,667	2,781
Contributed Surplus				
Balance, beginning of year		**6,029**		5,382
Stock-based compensation expense *(note 7)*		**909**		334
Excess of fair value of warrants over AfNat's options cancelled on acquisition *(note 5)*		**256**		-
Exercise of warrants *(note 7)*		**-**		313
Expiry of warrants *(note 7)*		**2,377**		-
Future income tax recovery on warrants expired *(note 7)*		**(297)**		-
Balance, end of year		**9,274**		6,029
Deficit				
Balance, beginning of year		**(80,279)**		(25,829)
Net income (loss) for the year		**(7,281)**		(54,450)
Balance, end of year		**(87,560)**		(80,279)
Accumulated Other Comprehensive Income				
Balance, beginning of year		**801**		-
Reclassification of realized gain on sale of available-for-sale financial assets arising during the year *(note 10)*		**(874)**		-
Changes in unrealized gain on available-for-sale financial assets arising during the year *(note 10)*		**2,343**		801
Balance, end of year		**2,270**		801
Shareholders' equity, end of year		**62,413**		34,706

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2010 and 2009

(Expressed in thousands of United States Dollars)

	2010	2009
Operating Activities		
Net loss for the year – continuing operations	**(8,639)**	(47,650)
Net (loss) gain for the year – discontinued operations *(note 6)*	**1,358**	(6,800)
Impairment charges *(notes 4 and 6)*	**1,680**	51,973
Stock-based compensation expense	**909**	334
Unrealized loss (gain) on foreign exchange	**60**	(4)
Loss on disposal of assets *(note 4)*	**375**	-
Loss on sale of investment *(note 6)*	**2,869**	-
Provision for income tax expense *(note 6)*	**326**	-
Unrealized gain on shares receivable from Avion *(note 4)*	**(509)**	-
Non-cash consideration from discontinued operations *(note 6)*	**(3,191)**	-
Tax recovery on warrants expired *(note 7)*	**(297)**	-
Realized gain on sale of marketable securities *(note 10)*	**(874)**	-
Changes in non-cash working capital balances		
Accounts receivable and prepaid expenses	**(3,306)**	9
Accounts payable and accrued liabilities	**3,449**	(83)
Amortization of other assets	**14**	77
Net cash outflow from operating activities	**(5,776)**	(2,144)
Investing Activities		
Cash acquired through acquisition *(note 5)*	**10,361**	-
Exploration and development costs *(note 4)*	**(8,986)**	(3,439)
Proceeds from sale of marketable securities *(note 13)*	**2,009**	-
Proceeds from sale of Zambian property *(note 6)*	**65**	-
Proceeds from sale of discontinued operations *(note 4)*	**81**	-
Proceeds from sale of assets *(note 4)*	**566**	-
Net cash inflow (outflow) from investing activities	**4,096**	(3,439)
Financing Activities		
Issuance of shares *(note 7)*	**9,904**	2,043
Cost of shares issuance *(note 7)*	**(486)**	(17)
Loan proceeds *(note 8)*	**1,066**	476
Exercise of warrants *(note 7)*	**-**	1,423
Net cash inflow from investing activities	**10,484**	3,925
Foreign exchange gain on cash and cash equivalents held in foreign currency	**153**	4
Change in cash and cash equivalents during the year	**8,957**	(1,654)
Cash and cash equivalents, beginning of year	**340**	1,994
Cash and cash equivalents, discontinued operations *(note 6)*	**(19)**	-
Cash and cash equivalents, end of year	**9,278**	340
Supplemental Cash Flow Information		
Interest	**-**	-
Income taxes (recovered) paid	**-**	-

See accompanying notes to the consolidated financial statements.

1. Nature of operations and going concern

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

Following the acquisition of AfNat Resources Limited ("AfNat") in June 2010, the Company broadened its exploration interests with mineral exploration projects in Mozambique, Zambia and Philippines. The interest in Zambia was subsequently sold in November 2010 and the interest in the Philippines was sold subsequent to the consolidated balance sheet date.

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

These consolidated financial statements have been prepared on the basis that the Company is a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at December 31, 2010, the Company has a working capital of $14,495, no source of operating cash flows and does not have sufficient cash to fund the development of the Passendro Project and its properties. It will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities.

To date, the Company has raised funds principally through the issuance of shares. In the foreseeable future, the Company will likely remain dependent on the issuance of shares and the availability of project financing. Management expects that it will be able to fund its immediate cash requirements and will require funding through financing or the sale of assets to allow the Company to continue future exploration and development activities.

There can be no assurances that the Company's activities will be successful or sufficient funds can be raised in a timely manner. The Company incurred a net loss of $7.3 million and $54.5 million during the years ended December 31, 2010 and 2009 respectively. As a result, there is significant doubt regarding the "going concern" assumption and accordingly, the use of accounting principles applicable to a going concern were utilized. These consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. If the "going concern" assumption was not appropriate for these consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, expenses and consolidated balance sheet classifications, which could be material, would be necessary.

2. New accounting standards

In January 2008 the Canadian Institute of Chartered Accountants (" CICA") issued Sections 1582, Business Combinations, 1601, Consolidated Financial Statements and 1602 Non-controlling Interests.
These sections replace the former Section 1581, *Business Combinations* and Section 1600, *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 and Section 1601 are harmonized with International Financial Reporting Standards ("IFRS"), IFRS 3R, *Business Combinations* and IAS 27R, *Consolidated and Separate Financial Statements.*

Section 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Section 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Since early adoption is permitted, the Company adopted these standards effective January 1, 2010 and additional disclosures required have been made in note 5 of the consolidated financial statements. As a result of the early adoption, transaction costs of $1,689 incurred for the AfNat acquisition were expensed during 2010.

Business Combinations
During 2010, the Company began applying the new provisions of Section 1582 and Section 1601 for business combinations consummated after December 31, 2009. Under the new guidance, business acquisitions are accounted for under the "acquisition method", as opposed to the "purchase method". The more significant changes to accounting for business combinations that result from applying the acquisition method include: (i) the definition of a business is broadened to include some development stage entities, and therefore more acquisitions may be accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agreed to and announced, which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates will be recorded to income tax expense, whereas under the previous requirements, certain changes in income tax estimates were recorded to goodwill; (iv) acquisition-related costs of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees are expensed as incurred, whereas under the previous guidance these costs were capitalized as part of the business combination; (v) the assets acquired and liabilities assumed as part of a business combination, whether full, partial or step acquisition, result in all assets and liabilities recorded at 100% of fair value, whereas under the previous requirements only the controlling interest's portion was recorded at fair value; (vi) recognition of a bargain purchase gain when the fair value of the identifiable assets exceeds the purchase price, whereas under the previous guidance, the net book value of the identifiable assets would have been adjusted downward; and (vii) the non-controlling interest is recorded at its share of fair value of net assets acquired, including its share of goodwill, whereas under previous guidance the non-controlling interest is recorded at its share of carrying value of net assets acquired with no goodwill being allocated.

Future Accounting and Reporting Changes

International Financial Reporting Standards ("IFRS")
Canadian GAAP for publicly accountable entities will be replaced by IFRS, effective for interim and annual periods beginning in the first quarter of fiscal 2011. The annual and interim fiscal 2011 consolidated financial statements will include an IFRS opening consolidated balance sheet as at January 1, 2010, fiscal 2011 comparatives, related transitional reconciliation and note disclosures.

3. Basis of presentation and significant accounting policies

Basis of Presentation
The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles, ("GAAP"). All amounts are in the United States ("US") dollars unless otherwise indicated. The functional and reporting currency of the Company is US dollars.

Basis of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions have been eliminated.

Use of estimates
The preparation of financial statements in conformity with Canadian GAAP 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. Accordingly, actual results could differ from those estimates and these differences may be material. Significant areas where management's judgement is applied include recoverability of exploration and development costs, benefits of future income tax assets, stock-based compensation valuation assumptions and determinations as to whether costs are expensed or capitalized.

Translation of foreign currencies
The functional and operating currency of the Company is the US dollar. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at period-end rates of exchange. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates of exchange. Gains and losses on translation of monetary assets and liabilities are reflected in earnings in the period in which they arise.

Financial statements of the Company's integrated foreign operations are translated into US dollars using the temporal method. Under this method, monetary assets and liabilities denominated in foreign currencies are translated at period-end rates of exchange with the resultant gains or losses recognized in the consolidated statements of operations, while non-monetary items are translated at historical rates of exchange. Expenses are translated using average rates of exchange approximating those in effect when the transactions occur. Exchange gains or losses related to expenditures on project activities arising from translation activities are capitalized in exploration and development costs.

Financial Instruments

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities.

Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from relevant markets. The fair value hierarchy established by Section 3862 *Financial Instruments – Disclosures* ["Section 3862"] establishes three levels to classify the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs [i.e., quoted prices for similar assets or liabilities].

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable [i.e., supported by little or no market activity].

Exploration and development costs

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

Impairment of long-lived assets

The Company reviews for impairment of exploration and development costs whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Estimated future cash flows are calculated using estimated future prices, mineral resources and operating and capital costs on an undiscounted basis. When the carrying value of a development project exceeds the estimated undiscounted future cash flows, the asset is impaired. The impairment loss is recorded to the extent the carrying value of the related assets exceeds the discounted value of the estimated future cash flows.

The determination of fair value is based on discounted cash flow projections and assumptions that include: commodity pricing, availability of financing, obtaining the exploration and mining permits and various other factors. 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.

Goodwill

Acquisitions of businesses are accounted for using the purchase method of accounting whereby all identifiable assets and liabilities are recorded at their fair values as at the date of acquisition. Any excess purchase price over the aggregate fair value of net assets plus or minus the amounts recognized for future income taxes is recorded as goodwill. Goodwill is identified and allocated to reporting units by preparing estimates of the fair value of each reporting unit and comparing this amount to the fair value of the assets and liabilities and related future income tax balances of the reporting unit at the date of acquisition.

Goodwill is not amortized. Goodwill is tested annually for impairment, or more frequently if current events or changes in circumstances indicate that the carrying value of the goodwill of a reporting unit may exceed its fair value. A two-step impairment test is used to identify potential impairment of goodwill and to measure the amount of goodwill impairment, if any. In the first step, the fair value of a reporting unit is compared with its carrying value, including goodwill. When the fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is not undertaken. When the carrying value of a reporting unit exceeds its fair value, the fair value of the reporting unit's goodwill (determined on the same basis as the value of goodwill is determined in a business combination) is compared with its carrying value to measure the amount of the impairment loss, if any. When the carrying value of a reporting unit's goodwill exceeds the fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess.

(All amounts expressed in thousands of United States dollars, unless otherwise stated and per unit basis)

Income taxes
The Company uses the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recognized to the extent the recoverability of future income tax assets are considered unlikely to be realized.

Stock-based compensation
The Company accounts for stock options using the fair value method of accounting. Under this method, the Company recognizes a compensation expense based on the fair value of the options granted using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period of the options granted as compensation expense and contributed surplus. The contributed surplus balance is reduced as the options are exercised and credited to share capital.

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. On the exercise of warrants, the related amounts in warrants are credited to contributed surplus.

Loss per share
Loss per share has been calculated based on the weighted average number of common shares 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. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

Cash and cash equivalents
Cash and cash equivalents consists of cash on deposit. Cash and cash equivalents were $9,278 as at December 31, 2010 (2009 – $340) which earned a weighted average interest rate of 0.9% per annum (2009 – 0.2%).

4. Exploration and development costs

	Bambari (CAR)	Nimini (Sierra Leone)	Others	Total
Balance as at December 31, 2008	62,542	9,024	1,117	72,683
Exploration costs	2,101	586	29	2,716
Impairment Charges	(40,873)	(4,300)	-	(45,173)
Balance as at December 31, 2009	23,770	5,310	1,146	30,226
Exploration costs	7,492	836	151	8,479
Issuance of shares and warrants	3,262	-	-	3,262
Amounts payable to Gov. Of CAR	5,529	-	-	5,529
Mineral properties/exploration costs acquired – Mozambique (note 5)	-	-	979	979
Mineral properties acquired - Zambia (note 5)	-	-	2,794	2,794
Disposal of exploration assets – Zambian property	-	-	(2,935)	(2,935)
Impairment charges	-	-	(695)	(695)
Disposal of exploration assets - other	(941)	-	-	(941)
Balance – December 31, 2010	**39,112**	**6,146**	**1,440**	**46,698**

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

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

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

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

Pursuant to the agreement on August 9, 2010, on September 21, 2010 the Company issued 26,000,000 common shares valued at C$0.085 fair market value and 20,000,000 common share purchase warrants to the Government of CAR as a consideration for the project free-carried interest on its awarded 25-year Mining Licence for the Passendro project . The total fair value of the shares and share purchase warrants amounted to $3,262. The market value of the shares on the date of issuance was C$2,210 (US$2,152). The fair value of the warrants on the date of issuance was C$1,140 (US$1,110) and it was determined using the Black Scholes Option pricing model with assumptions described in note 7 for the warrants.

On August 18, 2010, the Company paid the first tranche of the bonus in the amount of $5 million. The second tranche of the bonus in the amount of $3 million is payable in April, 2011 and the third tranche of $3 million is payable in April, 2012. The current and long term bonus amount has been accrued in the consolidated financial statements at a discount rate of 10%, which approximates AXMIN’s estimated cost of borrowing.

In an effort to raise funds, during the year ended December 31, 2010, exploration equipment was disposed of for total proceeds of $566 resulting in a loss on disposal of $375.

On June 18, 2009, the Company announced a NI 43-101 mineral resource update at the Passendro Project. The Technical report was filed on SEDAR on August 4, 2009.

During 2009 and 2010, AXMIN conducted a restricted exploration program on the Bambari property. The program focused on detailed geological, geomorphological and structural mapping, limited termite sampling and trenching, where applicable. The program covered the Passendro project area and extended south to the Ndassima project area, some 30 kilometres of strike.

At June 30, 2009, as a result of the continued inability of the Company to obtain financing other than from its major shareholder, and the increasing delays in the Company’s efforts to obtain the mining permit associated with the Passendro project, the Company had reassessed its carrying value of the Passendro asset and concluded that the carrying value exceeded the fair value. The impairment charge was determined at US$40.5 million in order to reflect fair value of the project at that time.

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

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Mali
On March 31, 2010, AXMIN and Avion Gold Corporation ("Avion") entered into an agreement for the sale of AXMIN's Kofi Gold Project and other ancillary permits in Mali. The total sales proceeds for the nine permits consist of C$500 cash and 4,500,000 common shares of Avion. On December 23, 2010, four of the nine permits met the conditions for closing. The consideration for the four permits represents 65% of the total sale proceeds and consists of C$325 cash and 2,925,000 common shares of Avion and will be paid in four tranches; 25% on closing, 25% in 3 months following the closing, 25% in 12 months following the closing and 25% in 18 months from the date of closing. AXMIN received cash of C$81 and 731,250 common shares of Avion at the time of closing.

AXMIN recorded a current portion receivable in the amount of $3,060 and for the tranche receivable in 18 months, a long-term receivable was recorded in the amount of $1,530. The fair value of the Avion shares is based on its closing market price of C$1.97 as at December 31, 2010. The share price of Avion increased from C$1.77 on December 23, 2010 to C$1.97 on December 31, 2010 resulting in an unrealized gain of $509 on the share proceeds receivable. The gain was recorded and included in the consolidated statements of operations and comprehensive loss.
The following table shows the composition of proceeds receivable as at December 31, 2010 relating to the completed sale of the four permits.

Schedule of Proceeds	Cash Receivable	# of Shares Receivable	Fair Value – Shares on December 23, 2010	Fair Value – Shares on December 31, 2010
March 24, 2011	$81	731,250	$1,279	$1,448
December 24, 2011	81	731,250	1,279	1,448
May 24, 2012	81	731,250	1,279	1,448
Total	**$243**	**2,193,750**	**$3,837**	**$4,344**

As at December 31, 2010, the closing of the remaining five concessions will take place once closing conditions are satisfied and the concessions are expected to close by the end of third quarter of 2011. The assets, liabilities and results of operations of Mali have been separately reported as discontinued operations in the consolidated balance sheets and statements of operations and comprehensive loss.

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

At June 30, 2009, due to the increasing limitations in raising capital in the markets and third party valuations determined during the ongoing advisory mandate, the Company assessed an impairment charge of $6.8 million on the Malian assets.

Sierra Leone
In March 2004, AXMIN elected to exercise an option whereby AXMIN may earn a 60% interest in the Nimini Hills project owned by AFCAN Barbados Limited (subsequently changed its name to Eldorado Gold (Barbados) Limited), a subsidiary of Eldorado Gold Corporation, by incurring expenditure of US$2.3 million over a three-year period. During the year ended December 31, 2006, AXMIN's cumulative expenditure on the Nimini Hills project exceeded US$2.3 million and hence AXMIN earned a 60% interest in the project. AFCAN has the right to participate on a pro rata basis or if it elects not to, then AXMIN can earn an additional 20% by producing a BFS. The monies spent on AFCAN's behalf to earn this additional 20% will be recovered by AXMIN from AFCAN's share of future production.

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

At June 30, 2009, due to the increasing limitations in raising capital in the markets, the Company reassessed its carrying value of the Nimini asset in Sierra Leone and came to the conclusion that the carrying value exceeded the fair value. The impairment charge was determined at $4.3 million in order to reflect the fair value of the project. The Company remains optimistic on exploration potential in Sierra Leone.

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

On September 15, 2009, the Company decided to terminate its interest in the Gori Hills Joint Venture in Sierra Leone and all permit rights were returned to the other Party. The carrying value of this property is nil as of December 31, 2009.

On November 3, 2008, the Company concluded a joint venture with Sabodala Mining Company SARL, a wholly-owned subsidiary of Mineral Deposits Limited ("MDL") whereby MDL may earn a 51% interest in AXMIN's wholly-owned gold exploration permits, Sonkounkou, Heremakono and Sabodala NW located in the Birimian belt of Eastern Senegal.

The terms of the joint venture agreement with MDL include:

a) MDL must spend a total of $2.5 million over three years to earn a 51% interest in each permit, with a minimum expenditure of $500 in year one, US$800 in year two and $1.2 million in year three. There is a minimum expenditure of $800 before it may contemplate withdrawing from the joint venture.
b) Following earn-in, AXMIN may elect to maintain its 49% interest by funding future expenditure on a pro rata basis, or it may elect to dilute further to 20% in return for MDL spending a further $3.5 million over an additional three-year period. At this stage, AXMIN may elect to participate or transfer its residual interest to MDL in return for a 1.5% royalty.

In November 2010, MDL earned a 51% interest in AXMIN's Senegal Permits (Sonkounkou, Heremakono and Sabodala NW) by expending $2.5 million. At that time, AXMIN elected not to participate in further expenditures funding and expressed its intent to dilute further to 20%.

The carrying value of the Senegal properties at December 31, 2010 is $122.

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

On October 29, 2010, AXMIN announced that it regained control of its Mavita Copper-Nickel-Cobalt Project in Mozambique following the withdrawal of Rio Tinto Minerals Development Limited ("Rio Tinto"), a wholly-owned subsidiary of Rio Tinto Plc (LSE:RIO) from a joint venture over these permits. Under the terms of the agreement announced on June 9, 2010, AXMIN has regained 100 percent control of the Mavita licences. All of the data from exploration work completed by Rio Tinto on behalf of the joint venture agreement was relinquished to AXMIN.

On August 4, 2010, the Company was granted a 5-year extension on its Mavita exploration licences (PL 1045 and PL 1046). The carrying value of the Mavita property as at December 31, 2010 is $1,059.

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

5. Acquisitions

On June 14, 2010, AXMIN gained control and acquired all of the outstanding securities of AfNat by way of a scheme of arrangement under the laws of Bermuda. In consideration for the acquisition, AXMIN issued an aggregate of 206,267,300 common shares and 14,961,345 common share purchase warrants to holders of AfNat securities for a total value of C$20.6 million measured at fair value of AXMIN's common shares at the time of closing, C$0.10 per share less share issuance cost of C$30. The common share purchase warrants were issued to compensate the cancellation of AfNat's options. AXMIN's share purchase warrants and AfNat's options were valued using Black-Scholes Option Pricing Model. The total fair value of the share purchase warrants and options amounted to $394 and $138 respectively. The excess fair value of AXMIN's share purchase warrants over the fair value of AfNat's options in the amount of $256 was included in the total purchase cost of

(All amounts expressed in thousands of United States dollars, unless otherwise stated and per unit basis)

$20.2 million. As a result of the acquisition, AXMIN recognized goodwill in the amount of $2.2 million resulting from the excess consideration paid over the fair value of net assets acquired.

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

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

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

Purchase Cost	
Fair value of shares	19,941
Fair value of warrants	256
Purchase Cost	20,197
Less: cash acquired	(10,361)
	9,836
Summary – Purchase Price Allocation	
Current assets	590
Investments held for trading *(note 13)*	1,076
Mineral properties exploration costs - Mozambique property *(note 4)*	979
Mineral properties exploration costs- Zambia property *(note 4)*	2,794
Long-term investments *(note 13)*	3,050
Goodwill	2,236
Total Assets	10,725
Current liabilities	149
Provisions	740
Total Liabilities	889
Net Assets Acquired	**9,836**

Initially, the purchase price allocation has been done on a preliminary basis to the fair value of the assets acquired and liabilities assumed based on management's best estimate and taking into account all relevant information available at the time these consolidated financial statements were prepared. As at December 31, 2010, management performed further analysis with respect to these assets and liabilities to finalize the purchase price allocation. Amounts reported in the preliminary purchase price allocation have not changed because the fair value analysis concluded that the amounts reported approximate their values as at June 14, 2011.

In addition, transaction costs of $1,689 were incurred in connection with the AfNat acquisition and termination fees of $573 were paid out to a Senior Executive employee as a result of this reorganization. The termination fees were based on a contractual agreement. Both, acquisition costs and termination costs were charged to income and recorded in the consolidated statements of operations and comprehensive loss. Costs related to issuance of AXMIN's shares, C$30 were deducted from the share capital issued.

Goodwill

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

	AfNat
Balance, December 31, 2009	-
Acquisition of Afnat, June 14, 2010	2,236
Changes to goodwill during the year	-
Balance, December 31, 2010	**2,236**

Goodwill resulted from the acquisition of AfNat and its subsidiaries on June 14, 2010. Considering that AfNat's operations were primarily exploration and development there are no reporting units generating cash, therefore allocation of goodwill to cash generating units is not applicable and entire amount of goodwill is allocated to one reporting unit, AfNat.

(All amounts expressed in thousands of United States dollars, unless otherwise stated and per unit basis)

6. Dispositions

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

Mali
On March 31, 2010, the Company announced the execution of a definitive agreement pertaining to the sale of its Kofi Gold Project and other ancillary permits in Mali to Avion (AVR-TSX) for proceeds of up to C$500 cash and up to 4,500,000 common shares of Avion. As described in note 4, the sale of four permits was completed on December 23, 2010, which represents 65% of the total proceeds. Two permits closed subsequent to the balance sheet date and the three remaining permits are expected to close by the third quarter 2011. The assets, liabilities and results of operations of Mali have been separately reported as discontinued operations in the consolidated balance sheets and consolidated statements of operations and comprehensive loss. Amounts for 2009 have been restated to reflect this presentation.

The results of discontinued operations for the year ended December 31 were as follows:

	2010	2009
General exploration costs	**(507)**	-
Asset impairment	**(985)**	(6,800)
Current income tax expense	**(326)**	-
Other expenses	**(15)**	-
Loss from discontinued operations	**(1,833)**	-
Consideration received on disposal	**3,191**	-
Net gain (loss) from discontinued operations	**1,358**	(6,800)

The following table details the assets and liabilities related to the discontinued operations as at December 31, 2010 and December 31, 2009.

	2010	2009
Cash and cash equivalents	**19**	-
Exploration and development costs	**1,211**	4,445
Assets of discontinued operations	**1,230**	4,445
Accounts payable and accrued liabilities	**326**	-
Liabilities of discontinued operations	**326**	-

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

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

7. Share capital

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

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

(All amounts expressed in thousands of United States dollars, unless otherwise stated and per unit basis)

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

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

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

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

On June 14, 2010, the Company issued an aggregate of 206,267,300 common shares valued at C$0.10 fair market value and 14,961,345 common share purchase warrants as consideration for acquisition of all of the outstanding securities of AfNat as described in note 5. The total fair value of the shares issued amounted to C$20.6 million ($19.9 million) less share issuance cost of C$30 ($29). The fair value of the common share purchase warrants amounted to C$407 ($395). The fair value of the warrants was determined using the Black Scholes Option pricing model with the following assumptions:

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

As a result of the above transactions, the share capital increased to 623,580,534 common shares as at December 31, 2010.

As of December 31, 2010 the Company's significant shareholder, AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited, held 161,844,752 (2009 - 153,825,326) common shares and 22,550,000 (2009 - 48,366,667) common share purchase warrants, representing approximately 26% (2009 - 49%) of AXMIN's issued and outstanding common shares on a non-dilutive basis.

During the year ended December 31, 2010, a total of 42,146,967 common share purchase warrants expired and a total fair value of $2,377 was reclassified from warrants to the contributed surplus account. The expired warrants resulted in recording an income tax recovery in the amount of $297 as shown in the consolidated statements of operations and comprehensive loss.

There were no common share purchase warrants exercised during the year 2010.

On April 21, 2009, the Company closed a non-brokered private placement with its significant shareholder, AOG, of 25,000,000 Units at a price of C$0.10 per unit for total gross proceeds of C$2.5 million ($2.0 million). Each Unit consisted of one common share plus one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of AXMIN at a price of C$0.14 expiring on April 21, 2012. The aggregate increase in the share capital as a result of this transaction was 25,000,000 common shares at a fair value of C$1.6 million ($1.3 million) and 25,000,000 warrants at a fair value of C$900 ($730). Unit issuance costs amounted to C$21 ($17).

A relative fair value calculation was used to present the carrying value of the warrants. The fair value of the warrants issued was estimated using the Black Scholes Option pricing model with the following assumptions:

Risk free interest rate	2.2%
Expected life in years	3 years

(All amounts expressed in thousands of United States dollars, unless otherwise stated and per unit basis)

Expected volatility	95%
Expected dividend yield	0.0%

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

During the year ended December 31, 2010, the Company granted an aggregate of 23,500,000 stock options of which 23,350,000 are exercisable at C$0.10 each and 150,000 are exercisable at C$0.14 each expiring in five years from the date of issue. These stock options were granted to non-executive directors, officers and employees in accordance with the Company's Stock Option Plan.
During the year ended December 31, 2009, the Company granted 500,000 stock options.

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

	2010	2009
Assumptions:		
Weighted average risk free interest rate	**2.48%**	2.16%
Annualized volatility	**104%**	98.8%
Weighted average expected life	**5 years**	5 years
Expected dividend yield	**0.0%**	0.0%

As at December 31, 2010, 34.7 million (2009 - 25.3 million) options are available for future issuance under the Plan.

As at December 31, 2010, common share stock options held by directors, officers and employees are as follows:

	Outstanding			**Exercisable**	
Range of exercise prices -C$ (dollars)	Number of options	Weighted average exercise price - C$ (dollars)	Weighted average remaining contractual life in years	Number of options	Weighted average exercise price - C$ (dollars)
0.05 to 0.10	23,850,000	0.10	4.47	12,175,000	0.10
0.11 to 0.30	700,000	0.15	3.17	587,500	0.15
0.31 to 0.70	250,000	0.45	2.47	250,000	0.45
0.71 to 1.00	2,825,000	0.83	1.70	2,825,000	0.83
	27,625,000	0.18	4.13	15,837,500	0.24

	Number of options	Weighted Average Exercise Price -C$ (dollars)
Balance as at December 31, 2008	7,995,000	0.77
Options granted	500,000	0.10
Options expired/cancelled	(2,990,000)	0.88
Options exercised	-	-
Balance as at December 31, 2009	5,505,000	0.65
Options granted	23,500,000	0.10
Options expired/cancelled	(1,380,000)	0.62
Options exercised	-	-
Balance as at December 31, 2010	**27,625,000**	**0.18**

(All amounts expressed in thousands of United States dollars, unless otherwise stated and per unit basis)

8. Related Parties

a) During the year ended December 31 2010 and 2009, the Company incurred:

i) $615 (2009 - $196) in legal services provided by a partnership related to a director of the Company. At December 31, 2010, $90 (2009 - $160) was due to this partnership.
ii) $22 (2009 - $46) in management services from the Addax and Oryx Group Limited, ("AOG"). As of June 30, 2010 the management fee is no longer payable, and the balance owing to AOG was fully paid in July, 2010.

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

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

The following events constitute an Event of Default:

a) AXMIN becoming insolvent or declaring bankruptcy
b) AXMIN failing to maintain its corporate existence, licenses and rights
c) AXMIN failing to pay the loan and interest amounts on the due dates
d) AXMIN incurring or assuming any indebtedness for borrowed monies
e) AXMIN making dividend payments or payment of management fees

The loan balance as at December 31, 2010 includes principal and accrued interest of $136. The Company reclassified $548 of the loan balance as a current payable. Subsequent to December 31, the loan balance including accrued interest was fully paid on January 11, 2011 in an aggregate amount of C$1,740.

9. Commitments and contingencies

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

	December 31, 2010	December 31, 2009
Less than 1 year	**136**	**104**
1 - 3 years	**191**	**293**
4 - 5 years	**-**	**-**
Total	**327**	**397**

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

10. Accumulated other comprehensive income

As at December 31, 2010, accumulated other comprehensive income was comprised of the unrealized gain on marketable securities available-for-sale of $2,270 (2009 - $801).

	December 31, 2010	December 31, 2009
Balance, beginning of year	**801**	-
Changes in fair value on available- for-sale financial assets arising during the year	**2,343**	801
Less: reclassification adjustments for (gains) recorded in earnings during the period	**(874)**	-
Balance, end of year	**2,270**	801

11. Segmented information

The Company operates in one industry segment: mineral exploration and development. During the year ended December 31, 2010, the Company, or its joint venture partners, conducted its exploration activities in CAR, Sierra Leone, Senegal and Mozambique.

12. Capital management

The Company manages its cash and cash equivalents, common shares, stock options, and warrants as capital. The policy of the Board of Directors of the Company is to maintain a strong capital base so as to sustain future development of the business and maintain investor, creditor and market confidence. To meet these objectives the Company monitors its financial position on an ongoing basis. The Company's outstanding debt is with a related party, and so it is not subject to externally imposed capital requirements other than the requirement to maintain sufficient cash balances to fund continuing operations.

13. Financial instruments and risk management

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

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

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

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

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's objective is to maintain sufficient liquid resources to meet operational requirements. As of December 31, 2010, the Company had cash and cash equivalents of $9,278, (2009 - $340). Except for the shareholder loan and long- term payable to the CAR Government, substantially all of the Company's financial liabilities mature within six months.

<u>Investment in Noble Resources</u>
AXMIN retains a 1.5% royalty on any future gross smelter returns from ore mined from the Cape Three Points Licence area at that time.

On September 9, 2010, the 3,000,000 common shares of Noble held by the Company were sold at approximately $0.25 per common share resulting in the realized gain of $743 as reported in the consolidated statements of operations and comprehensive loss.

<u>Investment in Avion Gold Corporation ("Avion")</u>
As discussed in note 6 and note 4, on December 23, 2010 AXMIN received 731,250 shares of Avion. Upon expiry of the four-month hold period, the Company intends to sell these shares and therefore, the securities were classified as available-for-sale. On December 31, 2010 the fair value of the shares was C$1.97 compared to C$1.77 on
December 23, 2010 resulting in an unrealized gain of $170 reported in other comprehensive income.

<u>Marketable Securities acquired from AfNat</u>
As part of the acquisition of AfNat on June 14, 2010 (refer to note 5 for details), the Company acquired the following investments in marketable securities which have been classified as available-for-sale:

(All amounts expressed in thousands of United States dollars, unless otherwise stated and per unit basis)

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

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

The following table shows the composition of the investment securities disposed and the realized gain on disposal for the year ended December 31, 2010. There was no gain or loss from the sale of securities incurred during 2009.

	Fair Value on Dispositions	**Cost**	**Realized Gain**
Noble Resources	**743**	**-**	**743**
Niger Uranium Limited	**1,076**	**946**	**130**
Kalahari Minerals PLC	**190**	**189**	**1**
	2,009	**1,135**	**874**

Investment in Copper Development Corporation ("CDC")
CDC was a private company until mid December 2010 when it became a public company. CDC has a stake in the Hinoba copper project located in the Philippines. The Company holds 9,571,427 shares of CDC, which were purchased in four tranches as follows; 7,857,142 shares were purchased at $0.35 during December 2009 and January 2010, and 1,714,427 shares were purchased at $0.175 in May 2010 for a total value of $3,050. In the prior periods, the investment in CDC was recognized at cost as it was the management's intent to hold this investment for a longer term. When CDC became a public company in December 2010, management decided to liquidate the shares, which occurred subsequent to the year end, in January 2011. Since CDC shares were available-for-sale, they were reclassified from long-term investments to marketable securities and an unrealized gain of $2,100 was reported in other comprehensive income to reflect the increase in the fair value of the shares.

The following table shows the composition of the fair value for marketable securities available- for- sale as of December 31, 2010 and 2009.

	2010 # of Shares	**Cost**	**2010 Fair Value**	2009 # of Shares	2009 Fair Value
Copper Development Corporation	**9,571,427**	**3,050**	**5,151**	-	-
Avion Gold Corporation	**731,250**	**1,279**	**1,448**	-	-
Noble Resources	**-**	**-**	**-**	3,000,000	801
	10,302,677	**4,329**	**6,599**	3,000,000	801

(a) Market risk

(i) Foreign currency risk
The functional currency of the Company is the US dollar. The Company's operations expose it to significant fluctuations in foreign exchange rates. The Company's main source of funds are denominated in the Canadian dollar and the Company has monetary assets and liabilities denominated in the Canadian dollar, British Pound and the CFA Franc. A significant change in the currency exchange rates between the US dollar and foreign currencies could have an effect on the Company's net loss.

The Company maintains certain of its cash and cash equivalents in the Canadian dollar and British pound and is thus susceptible to market volatility as cash balances are revalued to the functional currency of the Company. The rate published by the Bank of Canada at the close of December 31, 2010 was 0.99 Canadian dollars to 1 US dollar and 1.55 Canadian dollars to 1 UK pound sterling. Based on the balances at December 31, 2010, income will increase or decrease by $301 and $4 given a 5% increase or decrease in the US dollar to

(All amounts expressed in thousands of United States dollars, unless otherwise stated and per unit basis)

Canadian dollar and US dollar to UK pound sterling respectively. Total amount of cash and cash equivalents held in foreign currency at December 31, 2010 is C$6,062 and 49 in GBP.

(ii) Interest rate risk
The Company has no interest-bearing short-term investments except for investment in GIC which bears guaranteed rate of 1.2% and therefore it is not subject to interest rate fluctuations. The shareholder loan also bears interest at fixed rate of 9%, and so it is not subject to interest rate risk fluctuation.

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

CICA Handbook Section 3862, *Financial Instruments - Disclosures*, requires expanded disclosures about fair value measurements. The three levels of the fair value hierarchy under the Handbook Section are as follows:

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

The following table presents the Company's financial assets and liabilities measured at fair value within the fair value hierarchy:

	Total	**Level 1**	**Level 2**	**Level 3**
Financial Assets:				
Cash and cash equivalents	9,278	9,278	-	-
Marketable securities	6,599	6,599	-	-
Accounts receivable	3,198	-	3,198	-
	19,075	15,877	3,198	
Financial Liabilities:				
Current liabilities	4,803	-	4,803	-
Long-term liabilities	2,627	-	2,627	-
Shareholder loan	1,197	-	1,197	-
	8,627	-	8,627	-

14. Income Taxes

Income tax expense (recovery) recorded in the consolidated financial statements:

	2010	2009
Income tax (recovery) from discontinued operations	**326**	-
Income tax (recovery) from continuing operations	**(297)**	-
Total income taxes recorded in the consolidated financial statements	**29**	-

a) Income Tax Provision
Income taxes differ from the amount that would be computed by applying the combined Canadian federal and provincial statutory income tax rate of 31% (2009 – 33%) to income before taxes for the following reasons:

	2010	2009
Net loss for the year before income tax	**(8,936)**	(47,650)
Statutory tax rate	**31.0%**	33.0%
Expected income tax recovery	**(2,770)**	(15,725)
Foreign tax rate difference	**969**	1,119
Foreign exchange	**(258)**	(604)
Other permanent items	**146**	-

(All amounts expressed in thousands of United States dollars, unless otherwise stated and per unit basis)

Non deductible stock-based compensation	**282**	95
Share issue costs	**-**	(5)
Expiry of losses	**153**	190
Reduction in future income tax rate	**507**	1,029
Other	**(146)**	59
Change in valuation allowance	**820**	13,842
Tax recovery	**(297)**	-

b) Future Tax Assets (Liabilities)
The income tax effects of temporary differences that give rise to significant portions of future income tax assets and liabilities are as follows:

Future tax assets:	**2010**	2009
Share issuance costs	**15**	139
Capital assets	**5**	-
Unrealized foreign exchange losses	**2,058**	1,948
Exploration and development costs	**16,590**	16,872
Loss carryforwards	**3,003**	1,892
Total future tax asset	**21,671**	20,851
Valuation allowance	**(21,671)**	(20,851)
Net future income tax asset (liability)	**-**	-

c) Non-Capital Loss Carryforwards
The Company has non-capital loss carryforwards in Canada of approximately US$12,011 which have not been tax-benefited on the basis the Company does not expect to generate taxable income in the future. The tax losses may be used to reduce taxable income in future years and expire as follows:

2014	**587**
2015	**1,104**
2026	**1,382**
2027	**535**
2028	**1,801**
2029	**2,588**
2030	**4,014**
	12,011

15. Subsequent Events

i) On March 17, 2011, AXMIN announced that it has completed the sale of two additional mining concessions to Avion; Walia Saakola and Walia West. On closing, AXMIN received C$6.2 and 56,250 Avion common shares, representing 25% of the total consideration. The remaining 75% will paid to AXMIN in three tranches on June 11, 2011, March 11, 2012 and September 11, 2012.

ii) On March 1, 2011, AXMIN announced that it has signed a letter of intent with Fuller Capital Corp. (“FCC”), a capital pool company, to complete a business combination that will result in FCC, directly or indirectly, acquiring from AXMIN a wholly owned subsidiary of AXMIN (“MergerCo”), that will own AXMIN’s assets in Sierra Leone, including the Nimini Hills East and West Exploration Licences, which contain the Komahun Gold Project and AXMIN’s Matotoka Exploration Licence, in exchange for the issuance by FCC of common shares of FCC to AXMIN (the “Proposed Transaction”).
It is expected that upon completion of the Proposed Transaction AXMIN will distribute a portion of its FCC common shares to AXMIN shareholders, such that after giving effect to such distribution AXMIN will retain an approximate 40% interest in FCC.

iii) On February 15, 2011, AXMIN closed its acquisition of the minority interest in the Nimini Hills East and West licences (Komahun Gold Project), thereby increasing AXMIN’s ownership in the Project to 100%. As a consideration for this acquisition, the Company issued an aggregate of 4,388,370 common shares of AXMIN to Eldorado Gold Corporation and Flaxman Corporation NV.

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

v) On January 11, 2011, the Company fully repaid its loan from AOG in the amount of C$1,740 including principal of C$1,600 and interest of C$140.

vi) On January 10, 2011, the Company disposed of all of its CDC share holdings for 0.30 GBP/share resulting in total net proceeds of 2,866 GBP (US$4,462).

16. Reclassification of Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

Notes

OFFICERS

Robert Shirriff
Chairman

George Roach
President and
Chief Executive Officer

Alexander Dann
Vice President Finance and
Chief Financial Officer

François Auclair
Vice President Exploration

Shirley Kozel
Corporate Secretary

DIRECTORS

Mario Caron [2, 3, 4, 5]

Alexander Dann [4]

Ozge Erdem [1, 3, 5]

Robert Metcalfe [1, 5]

George Roach [4]

Robert Shirriff [2, 3, 4]

David de Jongh Weill [1, 2]

SENIOR MANAGEMENT

Charles Carron Brown
General Manager,
Passendro Gold Project

Richard Quarmby
Technical and Business
Development Manager

Denis Spector
Project Geologist CAR

Judith Webster [4]
Manager – Investor Relations

1 Audit Committee
2 Compensation Committee
3 Corporate Governance and Nominating Committee
4 Disclosure Policy Committee
5 Health, Safety and Environment Committee

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The Annual and Special Meeting of Shareholders will be held on June 28, 2011 at 10:00 a.m. ET, at the Company's Registered Office – Algonquin Room.

www.axmininc.com

STOCK LISTING

TSX Venture Exchange (TSX Venture)
Symbol: AXM

COMMON SHARES OUTSTANDING

(As at December 31, 2010)
623.6 million

PRINCIPAL BANKERS

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands

MIX
Paper from responsible sources
FSC® C051253
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