africaAXMINinc

2003 ANNUAL REPORT

Aggressive exploration has positioned AXMIN for rapid growth

Sierra Leone

- AXMIN in joint venture to explore AFCAN's Nimini East and West projects
- Initial exploration program planned to test historical drilling, where intersections were reported to include 2.5 g/t Au over 40 m, 4.6 g/t Au over 13.7 m and 8.6 g/t Au over 5.5 m

Mali

- Licences strategically located on the Senegal-Mali shear, Kofi Project Area is within 10 km of Randgold's Loulo and Nevsun's Tabakoto-Segala deposits
- AXMIN-Newmont joint venture: US$5.5 m in exploration expenditures over 3 years, with US$1 m in 2004
- 12,000 m reconnaisance RC drill program completed over 8 new targets
- Strong potential to expand resources

Central African Republic

- Controls two large licences both covering unexplored highly prospective Archaean greenstone belts
- Bambari Permit: Drilling confirmed gold mineralisation at French Camp, Katsia and Main Zone all within a 5 km radius, with potential to host open pittable resources
- Bambari Permit: 30,000 m RC, RAB and core drill program is underway focusing on building resources and testing new targets
- Pouloubou Permit: reconnaissance geochemical, geological and geophysical program underway, RAB drilling to follow up

Burkina Faso

- Feasibility study completed on Taparko-Bouroum project with commitment to develop from High River Gold
- Discussions in hand with High River Gold on maximising share-holder value from Bouroum

Chairman's Letter

Jean Claude Gandur
Chairman and Director

I am pleased to be able to present a very positive report with increased activity in the gold sector being mirrored by AXMIN where there were significant achievements through 2003.

The catalyst to all of this was the financial support provided to the Company at the start of the year by The Addax & Oryx Group, of which I am the Chairman and CEO. This enabled AXMIN to take full advantage of the rapidly improving political environment in the Republic of Central Africa. These changes have seen the introduction of a new Mining Code under which AXMIN has been able to renew the Bambari Permit and has also been awarded a second exciting gold permit called Pouloubou.

At the same time, AXMIN committed to a clear strategy of aggressive exploration in the Republic of Central Africa whilst introducing a partner to the Kofi Project Area in Mali and creating value from the Bouroum Permit in Burkina Faso. These objectives were realised through the year and we are developing a strong working relationship with Newmont Mining Corporation at Kofi. Similarly the relationship with High River Gold Ltd. in Burkina Faso is coming to fruition, with the Taparko-Bouroum project moving forward to development.

The successful progress of activities through the year provided an excellent platform from which AXMIN was able to raise Cdn$10.5 million in November 2003. The Company now looks forward to another successful year in 2004. With sufficient funds in place, an aggressive exploration program focussed on resource growth and the right team, I believe that there is every chance to build upon the success of 2003 in the Republic of Central Africa and elsewhere in west Africa.

"signed"

Jean Claude Gandur
Chairman and Director

May 14, 2004

Letter to Shareholders

2003 was a year of significant progress for AXMIN

Dr. Jonathan Forster
Chief Executive Officer and Director

Our strategy to focus on three key projects has proven to be successful, with the majority of internal resources aimed at the development of the Bambari Permit in the Central African Republic ("CAR"). We also advanced the feasibility study at the Bouroum project in Burkina Faso and through the introduction of Newmont Mining Corporation as our partner, launched a substantial reconnaissance drilling program at the Kofi Project Area in Mali. As a consequence of these activities during the year, AXMIN has been able to take advantage of the improved market sentiment for gold equities and has justifiably seen a significant increase in shareholder value.

Central African Republic

The benefit to the Company of having a very supportive major shareholder in The Addax & Oryx Group ("AOG") was made clear early in 2003 when market sentiment was still subdued. At that time, AOG made available to the Company a number of convertible loans so as to enable the first core drilling program at the Bambari Permit to proceed. During the same period uncertainty in the CAR political arena was also an issue. This was resolved by an essentially bloodless coup led by General Bozize. The subsequent political climate has proven to be supportive of investment, in particular in the mining sector, and AXMIN has been able to operate without undue difficulty. This positive shift has resulted in the promulgation of CAR's new Mining Code in February 2004, the recent re-award of the Bambari Permit and the award of the 1,000 sq km Pouloubou Permit, where more than three tonnes of gold was historically won through alluvial mining. Just as at Bambari, the underlying Archaean greenstone belt at Pouloubou has never been explored for primary gold, providing AXMIN with some excellent new targets for follow up during the latter part of 2004.

With the funding in place to support a core drilling campaign and the encouragement of a changing political landscape AXMIN was able to successfully push ahead. The results of this program, initially at the French Camp prospect and subsequently at Katsia and Main Zone, confirmed management's belief that the Company controls a new gold belt. Investor sentiment also changed through the year as results started to emerge enabling the Company to raise Cdn$10.5 million through a private placement in November 2003. At the same time AOG converted its loans into equity and today retains an interest in AXMIN of approximately 45%.

Towards the end of 2003 the tempo of exploration increased substantially in the CAR with the mobilisation of two further drill rigs onto the property. Two contractor owned core rigs are now operational supported by AXMIN's own reverse circulation ("RC") and rotary airblast ("RAB") drill rigs. A dedicated and independently managed sample preparation facility is also operational on site, enhancing the turnaround time for sample results from the 30,000 metre drill program currently underway.

Thus far drilling has outlined coherent zones of gold mineralisation both at the French Camp and Katsia prospects with grades and geometry indicating that open pit mining could be feasible. It is anticipated that the first resource evaluation will conclude around mid 2004. Initial work on the remaining targets in the Passendro project area has commenced with evidence to suggest that additional zones of gold mineralisation will be found.

Mali

Early in 2003 it was recognised that value in AXMIN would be better created by focusing its resources in the CAR projects rather than its Kofi Project Area in Mali. In order to provide the large scale exploration program that the Kofi Project Area warranted Newmont was introduced as a partner. The resulting joint venture agreement provides not only the funding for the program under the management of AXMIN but enables our project team to tap into Newmont's expertise. The joint venture has operated very smoothly and has now concluded the first round of exploration, comprising a 12,000 metre reconnaissance RC drilling campaign.

Burkina Faso

Although the CAR has been the focus of attention during the year, progress has also been achieved in Burkina Faso where further drilling was completed at the Bouroum Permit for incorporation into the joint Bouroum-Taparko feasibility study prepared by High River Gold Mines Ltd., owner of the Taparko Permit. The feasibility study confirmed the positive economics of the combined project and was presented to the government of Burkina Faso by High River Gold in October 2003 along with a commitment by them to develop what will become Burkina Faso's first modern gold mine. The combined project has an initial life of 7.5 years with annual production of some 100,000 ounces in the first few years. High River Gold has indicated that production could start in late 2005. Discussions are in hand with High River Gold to identify an appropriate structure for the mining of the Bouroum reserves that maximises returns to both sets of shareholders.

Focus on Progressing Exploration

As market sentiment and the ability to finance exploration improved during 2003, AXMIN has started to broaden its project focus to ensure that there are good quality gold projects in the pipeline as the higher ranked projects mature. Grassroots work continues on two permits in Senegal, and new opportunities are being sought in areas such as Sierra Leone.

2003 has been a highly constructive year for AXMIN with exploration having progressed substantially on the ground and with results creating significant increase in value for shareholders. With the ability to further increase the pace of exploration through 2004, the AXMIN management team is looking forward to building on this success as the year progresses.

"signed"

Dr. Jonathan Forster
Chief Executive Officer and Director

May 14, 2004

Central African Republic

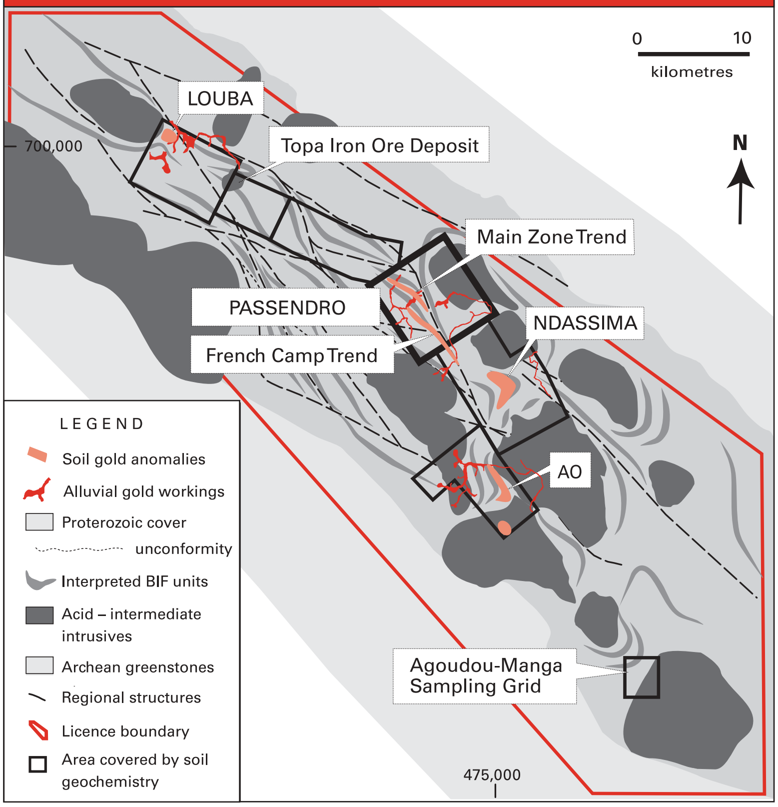
AXMIN now controls two major greenstone belts in the south-central region of Central African Republic

Both the 2,000 sq km Bambari Permit and the 1,000 sq km Pouloubou Permit cover previously unexplored greenstone belts that are thought to be the extension of the Kilo-Moto gold belt of the Democratic Republic of Congo. Ongoing exploration at Bambari and reconnaissance exploration at Pouloubou has demonstrated that the belts have all the geological hallmarks of a classic Archaean greenstone belt, with numerous banded ironstone formations ("BIF") and complex fold and shear structures that are deformed by late stage acidic intrusions.

Bambari Permit

In March 2004 AXMIN was granted a renewal of its wholly owned 2,000 sq km Bambari Permit in accordance with the country's new Mining Code without reduction in

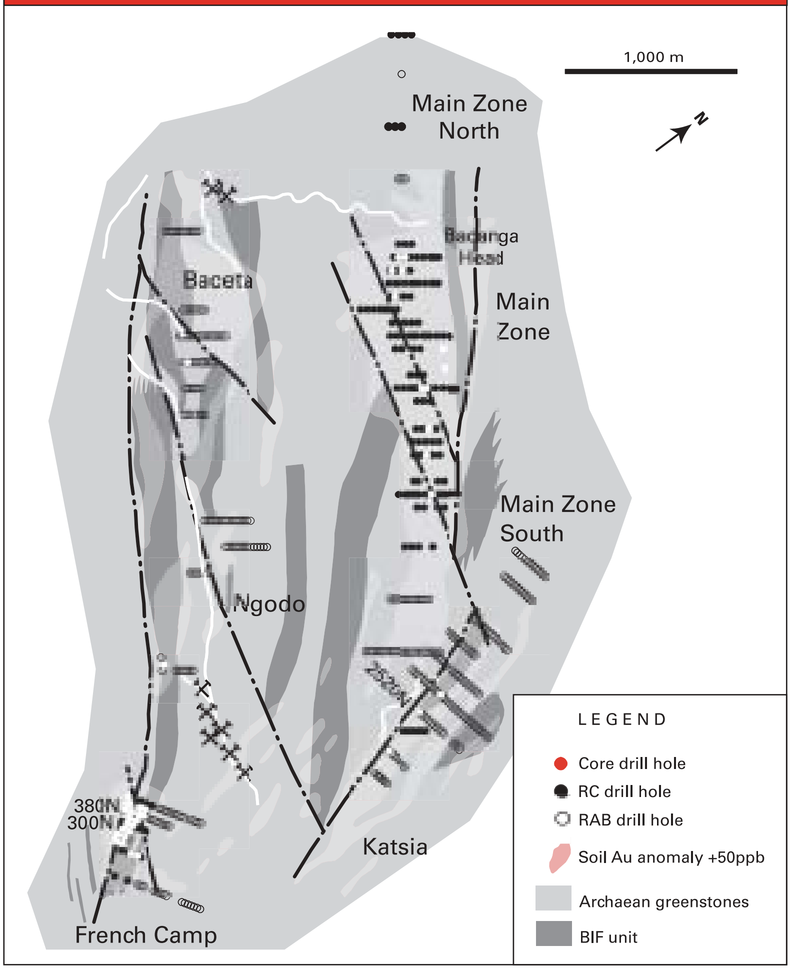
Bambari Permit – Overview



Central African Republic Highlights

- **Initial 2,500 metre core drill program confirmed minerali-sation at depth on three adjacent prospects – French Camp, Katsia and Main Zone**
- **Subsequent 30,000 metre core, RC and RAB drill program underway to establish resources and test new targets at Passendro project area and elsewhere on the Bambari Permit**
- **On site sample preparation facility operated by independ-ent group is up and running, reducing turnaround time and associated costs for assaying**
- **AXMIN awarded 1,000 sq km exploration permit over the highly prospective Pouloubou greenstone belt**

Passendro – Location Map



area. The Permit now consists of two separate blocks each with an area 1,000 sq km. The Bambari Permit covers 90 km of strike of a previously unexplored greenstone belt that compares in size to some of the major gold producing greenstone belts of the world. AXMIN has delineated four major gold prospects at Bambari, being Passendro, Louba, Ndassima and Ao, of which only the Passendro project area has been drill tested to date.

Passendro Project Area

The 2003 core drilling programs at the Passendro project area have provided strong support for the Company's long held conviction that it is dealing with a major new gold belt at the Bambari Permit. AXMIN's near term task is to concentrate on the definition of sufficient resources of economic grade to justify the initiation of a feasibility study. To that end, the 30,000 metre core, RC and RAB drill program will proceed through 2004. AXMIN now has a far better grasp on the style of the gold mineralisation at Passendro's French Camp, Katsia and Main Zone prospects and can apply the model to at least five other targets within a radius of five km and elsewhere at the Bambari Permit.

French Camp

The systematic core drilling at French Camp has confirmed the presence of a potentially economic ore body, with the possibility of a second zone to the southeast. In addition, primary cyanide leach tests have given gold recovery levels in excess of 94% for both the oxide and sulphide mineralisation.

Drilling at French Camp has confirmed the simple geometry of the zone, which has been established on the basis of 18 core holes drilled on a systematic 40 metre by 40 metre grid. Gold mineralisation has been established over a strike length of 200 metres and to a depth of at least 170 metres. The northwest trending zone lies within a BIF unit that is dipping between 50-65 degrees to the southwest, roughly parallel to the slope of the topography. The true width of the zone ranges from 15 to 33 metres (average 22 metres) with additional hanging and footwall structures. The weighted average grade of all the intersections in the zone, using a 0.5 g/t Au cut off, is 4.0 g/t Au. As the gold is almost entirely hosted in the dense BIF, initial density measurements for the mineralised rock are about 2.8 g/cc in the oxide and 3.4 g/cc in the sulphides.

Katsia

Recent core drilling has focused on a 200 metre long central zone of gold mineralisation at the Katsia prospect. This zone is provisionally interpreted to occur as multiple strands of steeply dipping mineralisation associated with shearing that cuts a folded silica rich banded ironstone-schist unit. Very high gold grades, ranging from 15 g/t Au to 57 g/t Au, are commonly observed within quartz (+/- tourmaline) veins with widths of 1-3 metres within a broader halo of mineralisation that locally can extend to give true widths of approximately 30 metres. At its deepest, mineralisation has been proven to a vertical depth of 165 metres.

The central zone at Katsia is currently the subject of a systematic core drilling program. Drilling in 2004 will also target the Katsia prospect to the south, as well as to the east of the central zone where parallel horizons associated with a BIF unit, has been defined by previous RAB drilling, and contains visible free gold in panned samples.

Main Zone

In 2003 the core drilling program at Main Zone was designed to provide informaton on the ore controls for the multiple gold bearing structures within this extensive mineralised system. Drilling confirmed that gold mineralisation persists to depth. Results from 10 widely spaced holes include 2.5 g/t Au over 25.7 metres, 6.0 g/t Au over 10.2 metres and 9.9 g/t Au over 4.5 metres. Individual structures include 35.5 g/t Au over 1.5 metres, 27.6 g/t Au over 1.5 metres and 36.6 g/t Au over 0.8 metres.

Main Zone was previously delineated over a strike length of 1,600 metres by shallow RC drilling as comprising of multiple mineralised structures with widths varying from 1 to 20 metres within a corridor 200 metres wide. Soil sampling and shallow RC and RAB drilling indicate that the mineralisation could well extend an additional 1,500 metres to the northwest and at least 800 metres to the southeast to give a potential total strike length of 4,000 metres.

East of Main Zone two holes were drilled in late 2003 on sections 120 metres apart in a BIF unit which is located about 150 metres east of the previously discovered Main Zone. The results include an intersection of 8.8 g/t Au over 9.0 metres and the BIF is flanked by a 1,000 metre long gold in soil anomaly. Follow up drilling is scheduled for Main Zone in 2004 which will seek one or more targets of French Camp dimensions.

Baceta and Ngodo

North along the French Camp Trend a single core hole was drilled at each of the Baceta and Ngodo prospects. At both locations the geology is as yet not fully understood and the holes were set for reconnaissance purposes only, however gold mineralisation was identified at both targets. The next step is to search for possible "high grade cores" to these systems through systematic drill follow up, similar to the method used at French Camp.

Core drilling at French Camp

Pouloubou Permit

In March 2004 AXMIN was awarded an exclusive exploration permit over the highly prospective Pouloubou greenstone belt in CAR. AXMIN controls the 1,000 sq km Pouloubou Permit which has been granted in accordance with the country's new Mining Code for an initial period of three years, with two subsequent renewals each of three years and each subject to a 50% reduction in area.

Pouloubou is located about 150 km to the southeast of the Bambari Permit and is accessible by road. It is intended that exploration will start as soon as crews can be mobilised and the base camp established. The historic gold production from Pouloubou exceeds that from Bambari and is clearly derived from targets that should be amenable to rapid and cost effective exploration.

Historic records from Pouloubou indicate that during the French colonial era over three tonnes of alluvial gold were extracted from drainages on both sides of a 15 km long watershed. This 2 to 3 km wide watershed has been investigated by AXMIN's geologists who have located banded ironstones, schists and alteration of similar character to that on the Company's wholly owned Bambari Permit. During the initial 12 month period AXMIN plans to expend US$600,000. The program is expected to include an aeromagnetic survey over the majority of the permit area, surface geochemistry, RAB drilling to locate the centres of mineralisation and either core or RC drilling to give preliminary estimates of grade and size.

Burkina Faso

Discussions in hand with High River Gold on maximising shareholder value from Bouroum

In October 2003 AXMIN was advised by High River Gold Mines Ltd. ("High River Gold") that it had submitted a feasibility study to the Burkina Faso government and High River Gold had taken a positive decision, subject to formal Board approval, to proceed with development of the Bouroum-Taparko gold project. Furthermore High River Gold reports that the feasibility study evaluated the construction of a mill and infrastructure on its Taparko Permit to process ore from both the Taparko deposit and AXMIN's Bouroum deposit located 49 km northwest of the Taparko property.

The feasibility study outlines a combined operation processing one million tonnes per annum and producing approximately 680,000 ounces of gold over a 7 year mine life. Annual production would average 91,000 ounces with approximately 100,000 ounces in the first few years. It is anticipated that at least 110,000 ounces of reserves will be incorporated from AXMIN's Bouroum Permit. The processing facility has been designed with a longer term operation in mind as both AXMIN and High River Gold consider there to be excellent potential to define additional satellite deposits amenable to open pit mining across both properties.

High River Gold has indicated that production could start in late 2005. Discussions are in hand with High River Gold to identify an appropriate structure for the mining of the Bouroum reserves that maximises returns to both sets of shareholders.

Burkina Faso Highlights

- **Bouroum-Taparko feasibility study submitted to Burkina Faso government, High River Gold makes positive development decision**
- **AXMIN to purchase remaining 27% interest in the Bouroum project from Channel Resources Ltd. for US$445,000**

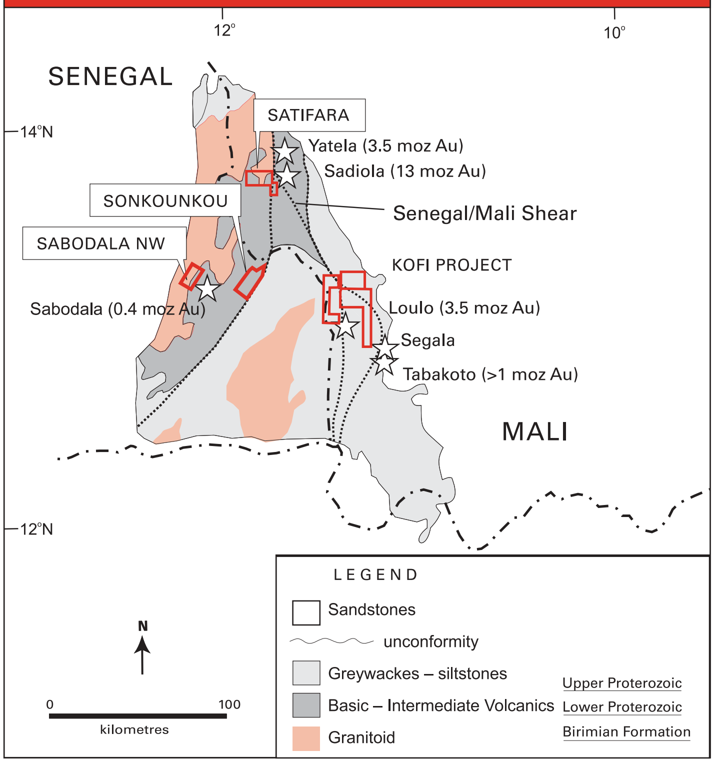
Mali

Newmont was introduced as partner to ensure a large scale exploration program at Kofi Project Area

Mali Highlights

- **Signed a joint venture with Newmont to explore AXMIN's Kofi Project Area**
- **US$1.0 million exploration program initiated which includes a 12,000 metre reconnaissance RC drill program**

Map of Mali



All of AXMIN's Mali permits are located in western Mali in a district known as the Kéniéba Inlier, in the same geological trend and environment as the Birimian which is host to the Sadiola and Yatela mines (Anglo Gold Limited and IAMGOLD Corporation), and other undeveloped gold deposits such as Loulo (Randgold Resources Limited), Segala and Tabakoto (Nevsun Resources Ltd.).

Kofi Project Area

In September 2003 AXMIN announced that it had entered into a joint venture agreement with a subsidiary of Newmont Mining Corporation ("Newmont") to explore its Kofi, Kofi North, Netekoto and Walia permits (collectively the "Kofi Project Area"). Under the terms of the agreement Newmont has a right to earn a 50% interest in AXMIN's interests in the Kofi Project Area by expenditure of US$5.5 million over a three year period, with a minimum of US$1 million in the first year. AXMIN will remain as manager of exploration during this period.

By introducing the world's largest gold mining company into the Kofi Project Area the Company expects to be able to rapidly progress the testing of the multiple targets that it has developed over the past four years, any one of which could turn into a substantial discovery and mine.

AXMIN has recently completed a 12,000 metre reconnaissance RC and 1,000 metre core drill program in the Kofi Project Area. The purpose of this program was to test eight drill targets and additional areas of significant soil anomalies, to better understand the controls on mineralisation in the area and in preparation of a much larger resource building program.

Sierra Leone

Initial exploration program planned to test historical drilling, where intersections were reported to include 2.5 g/t Au over 40 m, 4.6 g/t Au over 13.7 m and 8.6 g/t Au over 5.5 m

Sierra Leone Highlight

- **AXMIN in joint venture to explore AFCAN's Nimini East and West projects**

AXMIN views Sierra Leone as an excellent country in which to explore for gold, with Archaean greenstone belts similar to those of the Central African Republic and essentially no modern exploration, yet abundant evidence for gold bearing systems. Sierra Leone has been through a severe episode of insurgency but with the support of the United Nations and the British government the country is now recovering.

Nimini East and West Permits

In April 2004 AXMIN signed a Heads of Agreement ("HOA") with AFCAN Mining Corporation ("AFCAN"), for the 98 sq km Nimini East and West properties in Sierra Leone where historic drilling includes intersections of 2.5 g/t Au over 40 metres, 4.6 g/t Au over 13.7 metres and 8.6 g/t Au over 5.5 metres. These results are reported in AFCAN documentation and have not as yet been independently verified by AXMIN.

The HOA is in the form of an exclusive six month option for which AXMIN has paid AFCAN US$20,000. During the option period AXMIN will confirm and, where possible, extend existing targets through follow up sampling and trenching. If AXMIN elects to exercise the option then it will commit to a minimum expenditure of US$500,000 in the first year and will be able to earn a 60% interest by spending US$2.25 million over a three year period.

The Nimini East and West properties are located about 220 km east of the capital city of Freetown and are underlain by a complex of ultramafic and mafic volcanics with associated sedimentary and banded ironstone formations.

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

Overview

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

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

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

As at December 31, 2003 the Company had capitalized US$12.265 million of exploration and development costs. The comparative figure as at December 31, 2002 was US$8.921 million.

Results of Operations

Year ended December 31, 2003 compared to the year ended December 31, 2002

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

Administration costs in 2003 were US$0.733 million compared to US$0.629 million in 2002. The increased administration costs are the result of the Company's expansion to support its increased level of exploration and development activities.

During 2003 a review of the carrying values of the Company's exploration and development property assets led to a write-down of US$0.083 million as compared with a write-down of US$0.808 million in 2002. The write-down of exploration and development costs reflects the Company's policy of continually assessing the economic viability of its projects and where necessary writing them down to their net realizable value.

At year-end 2002 a review of the recoverability of amounts due from related parties led to a full provision of US$0.136 million against the amount due from SAMAX Services Limited ("SSL"). No such provisions were made in 2003. In the future the balance due to the Company from SSL, being US$0.137 million as at December 31, 2003, may be recovered in part or in full.

During 2002 the Company adopted the recommendations issued by The Canadian Institute of Chartered Accountants dealing with stock-based compensation. The stock-based compensation expense in 2003 was US$0.132 million compared to US$0.053 million in 2002. The increased stock-based compensation expense is a function a having recognized the compensation expense for all stock options granted during 2003 whereas during 2002 this only applied to stock options granted to non-employees.

The net loss for operations in 2003 was US$0.710 million as compared to US$1.632 million in 2002.

Liquidity and Capital Resources

As at December 31, 2003 the Company had cash resources of US$8.687 million compared to the December 31, 2002 balance of US$0.655 million. During the year ended December 31, 2003 the Company raised US$9.109 million through the issuance of shares for cash. In addition two shareholder loans totalling US$2.000 million were provided to the Company by its major shareholder Addax Mining & Metals Limited, a wholly owned subsidiary of The Addax & Oryx Group Limited. These shareholder loans plus accrued interest were subsequently converted into shares. The Company's cash resources were utilized mainly on capitalized exploration and development costs, and administration costs.

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

Hedging and Derivative Instruments

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

Risks and Uncertainties

There are many risks inherent in the exploration and development of a mineral deposit. The success of the Company will be influenced by a number of factors including environmental risks, legal and political risks, gold prices and the ability of the Company to discover economically recoverable reserves and to bring such reserves into future profitable production.

Management's Report on the Consolidated Financial Statements

The accompanying consolidated financial statements of AXMIN Inc. have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and contain estimates based on management's judgement. 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 comprises three directors, none of whom are 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.

Ernst & Young LLP have examined these consolidated financial statements and their report follows.

"signed"

Jean Claude Gandur
Chairman and Director

"signed"

Craig Banfield
Chief Financial Officer and Secretary

Auditors' Report

TO THE SHAREHOLDERS OF AXMIN INC.

We have audited the consolidated balance sheets of AXMIN Inc. as at December 31, 2003 and 2002 and the consolidated statements of operations and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"signed"

ERNST & YOUNG LLP
Chartered Accountants

Toronto, Ontario, Canada
April 16, 2004

Consolidated Balance Sheets

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

As at December 31, 2003 and 2002	***2003***	*2002*
Assets		
Current assets		
Cash and cash equivalents	**8,687**	655
Prepaid expenses and sundry debtors	**18**	9
Due from related parties *(Note 5)*	**114**	7
	8,819	671
Exploration and development costs *(Note 3)*	**12,265**	8,921
	21,084	9,592
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	**538**	263
Accrued liabilities and sundry creditors	**682**	14
Due to related parties *(Note 5)*	**39**	45
	1,259	322
Shareholders' equity		
Share capital *(Note 4)*	**23,976**	12,843
Stock options *(Note 4(c))*	**185**	53
Deficit	**(4,336)**	(3,626)
	19,825	9,270
	21,084	9,592

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors

"signed"

Jean Claude Gandur
Director

"signed"

Dr. Jonathan Forster
Director

Consolidated Statements of Operations and Deficit

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

Years ended December 31, 2003 and 2002	***2003***	*2002*
Revenue	**–**	–
Expenses		
Administration	**733**	629
Write-down of exploration and development costs *(Note 3)*	**83**	808
Stock-based compensation expense *(Note 4(c))*	**132**	53
(Gain) loss on foreign exchange	**(231)**	12
Interest expense	**28**	–
Provision for amount due from related parties *(Note 5(a))*	**–**	136
	745	1,638
Other income		
Interest income	**11**	6
Other	**24**	–
	35	6
Net loss for the year	**710**	1,632
Deficit, beginning of year	**3,626**	1,994
Deficit, end of year	**4,336**	3,626
Net loss per share (basic and fully diluted)	**0.0092**	0.0252
Weighted average number of common shares outstanding	**77,105,509**	64,798,893

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

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

Years ended December 31, 2003 and 2002	***2003***	*2002*
Operating activities		
Net loss for the year	**(710)**	(1,632)
Write-down of exploration and development costs	**83**	808
Stock-based compensation expense	**132**	53
Interest on loans from shareholder *(Note 4(b))*	**24**	–
Provision for amount due from related parties	**–**	136
Change in working capital	**934**	144
Net cash inflow (outflow) from operating activities	**463**	(491)
Investing activities		
Exploration and development costs	**(3,427)**	(2,277)
Net cash outflow from investing activities	**(3,427)**	(2,277)
Financing activities		
Issuance of common shares	**9,109**	2,084
Conversion of loans from shareholder *(Note 4(b))*	**2,000**	–
Related parties	**(113)**	16
Net cash inflow from financing activities	**10,996**	2,100
Net cash inflow (outflow)	**8,032**	(668)
Cash and cash equivalents, beginning of year	**655**	1,323
Cash and cash equivalents, end of year	**8,687**	655

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

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

1. Nature of Operations and Basis of Presentation

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

The consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. These consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

A significant portion of the Company's exploration and development costs relate to its Bambari property in the Central African Republic ("CAR"). The Company holds its interest in this property through a CAR registered company, Aurafrique S.A.R.L. ("Aurafrique"), which holds prospecting and exploration permits for the property.

2. Significant Accounting Policies

Principles of consolidation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and include the accounts of the Company and all of its wholly owned subsidiaries (the "Company") which are listed below:

- AXMIN Limited ("AXMIN", incorporated in the British Virgin Islands)
- Golden Eagle Mining Limited (incorporated in the Isle of Man)
- Aurafrique S.A.R.L. (incorporated in the CAR)

Translation of foreign currencies

The functional currency of the Company is United States dollars (US$). Foreign denominated monetary assets and liabilities are translated into United States dollars at the rate of exchange prevailing at the period end. Foreign denominated non-monetary assets and liabilities are translated at historical rates of exchange. Exchange gains and losses are included in the determination of results of operations for the period.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term investments that mature within 90 days from date of acquisition.

Exploration and development costs

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

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

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

Income taxes
Current income taxes are recognized for the estimated income and mining 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 as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized. Future income taxes are measured using the tax rates and laws that will be in effect when the differences are expected to reverse or the losses to be realized.

Stock-based compensation
The Company has a stock option plan which is used to compensate directors, officers and employees of the Company, and consultants to the Company. Effective January 1, 2002, the Company adopted the recommendations issued by The Canadian Institute of Chartered Accountants dealing with stock-based compensation.

For the year ended December 31, 2002, the Company elected not to recognize compensation expense when stock options were issued to employees; however, pro forma disclosure of the net loss and net loss per share is provided as if these awards were accounted for using the fair value method as set out in note 4(c).

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

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

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Net income (loss) per share
Net income (loss) per share has been calculated based on the weighted average number of common shares outstanding during the period.

3. Exploration and Development Costs

Exploration and development costs	***2003***	*2002*
Balance, beginning of year	**8,921**	7,452
Additions	**3,427**	2,277
Write-downs	**(83)**	(808)
Balance, end of year	**12,265**	8,921

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

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

Country (project)	***2003***	*2002*
Central African Republic		
Bambari	**6,409**	4,545
Mali		
Kofi Project Area	**2,741**	2,403
Satifara	**212**	168
Other	**–**	83
Burkina Faso		
Bouroum	**1,403**	588
Senegal		
Sonkounkou	**737**	475
Sabodala NW	**81**	63
Ghana		
Cape Three Points	**543**	458
Canada		
B-B Lake	**139**	138
	12,265	8,921

Central African Republic ("CAR")
AXMIN holds a 100% interest in the Bambari property through its wholly-owned CAR registered company, Aurafrique, which holds prospecting and exploration permits for the property.

The Bambari property is subject to a 2% net smelter royalty ("NSR") payable to United Reef Limited, a company previously related to the Company, from production once all capital expenditure has been recovered by Aurafrique. The Company has the right to purchase part or all of the 2% NSR at a rate of Cdn$500,000, payable in cash or shares, for each 0.5% royalty interest during the initial five years of production from the Bambari property.

Mali
AXMIN holds:

(a) an 81.25% interest in the Kofi permit (prior to the 20% free carried interest of the government of Mali) from joint venture partners African Selection Mining Corporation ("ASMC") and Société Financière et d'Exploration de l'Or au Mali ("SOFOM");

(b) an 81.25% interest in the Kofi North permit (prior to the 10% free carried interest of the government of Mali) from joint venture partners ASMC and SOFOM;

(c) an 81.25% interest in the Netekoto permit (prior to the 20% free carried interest of the government of Mali) from joint venture partner ASMC;

(d) a 94.44% interest in the Walia West permit (prior to the 10% free carried interest of the government of Mali) from joint venture partner SOFOM;

(e) an 81.25% interest in the Satifara permit (prior to the 20% free carried interest of the government of Mali) from joint venture partner ASMC.

In all these cases AXMIN may increase this level of interest to 100% (prior to government dilution) by buying out the interests of the other parties on submission of a bankable feasibility study ("BFS") on an independent net present valuation of the proven and probable reserves using a discount rate of 15%.

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

Under the terms of a joint venture agreement with a subsidiary of Newmont Mining Corporation ("Newmont") dated September 26, 2003, Newmont has a right to earn a 50% interest in AXMIN's interests in the Kofi, Kofi North, Netekoto and Walia West permits (collectively referred to as the "Kofi Project Area") by expending US$5.5 million over a three year period, with a minimum of US$1 million in the first year. AXMIN will remain as manager of exploration during this period. Once Newmont has earned its initial interest, it may elect to earn a further 25% interest in AXMIN's interests in these permits by carrying AXMIN and its joint venture partners through to a BFS, providing that a minimum of US$1 million is spent each year. In the event that a BFS is not concluded by the 7th anniversary of the agreement, Newmont will commence making annual advance payments to the Company that escalate from US$0.25 million to US$1 million over a four year period.

Burkina Faso

On May 3, 2002 AXMIN entered into a formal Heads of Agreement to acquire an interest in the Bouroum Permit in Burkina Faso which is owned by Channel Resources Ltd. ("Channel").

Under the terms of the Heads of Agreement and during the year ended December 31, 2002 AXMIN made payments of Cdn$130,000 to Channel. AXMIN may earn a 65% undivided beneficial interest in the Bouroum Permit by completing a BFS. During the year ended December 31, 2003 AXMIN purchased an 8% interest in the Bouroum Permit from Channel. Should AXMIN decide to proceed with development then AXMIN will buy out the pro rata interest of Channel (i.e. 27% interest) in the proven and probable reserves on the Bouroum Permit. The buy out price will be US$10/oz at a gold price of less than US$300/oz, escalating at a rate of US$1/oz for each US$25/oz increase in the gold price, up to a maximum of US$15/oz (i.e. spot gold price at or greater than US$400/oz). In addition, there is a minimum expenditure commitment of US$250,000 on exploration across the Bouroum Permit by AXMIN within twelve months of signature of the Heads of Agreement. AXMIN has fulfilled this expenditure commitment.

In a separate agreement dated May 24, 2002 AXMIN signed a Heads of Agreement with High River Gold Mines Ltd. ("High River Gold") to jointly review the potential for the joint development of the Bouroum and Taparko Permits (the latter is held by High River Gold and is located 49 kilometres southeast of the Bouroum Permit). The cost of preparing a pre-feasibility study on the combined project was shared by the two parties. Subsequently the decision was taken to proceed with a feasibility study. On October 31, 2003 AXMIN was advised by High River Gold that it had submitted a feasibility study to the Burkina Faso government and High River Gold had taken a positive decision, subject to formal Board approval, to proceed with development of the Bouroum-Taparko gold project. Furthermore High River Gold reports that the feasibility study evaluated the construction of a mill and infrastructure on its Taparko Permit to process ore from both the Taparko deposit and AXMIN's Bouroum deposit. The final BFS will incorporate the findings of further ongoing optimization studies which could impact certain costs including the total capital costs which may be lower than those estimated in the feasibility study. Definitive operating and capital costs will be determined as part of the BFS.

Senegal

AXMIN holds a 100% interest in the Sonkounkou property. Avgold Limited ("Avgold") may, at any time prior to a decision to mine or within three months of a decision to mine, claw-back up to a 51% participating interest in the project by paying AXMIN an amount equal to two times the funds expended to that date by AXMIN, multiplied by the percent interest to be clawed back by Avgold. The government of Senegal retains the right at the time of a decision to mine from the property, to elect to participate in the project for a 15% free carried interest and has a further right to purchase an additional 5% participating interest. The government's interest is subject to reduction upon negotiation at the mining stage.

AXMIN holds a 100% interest in the Sabodala NW property.

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

Ghana

AXMIN may earn up to a 72% interest (net of the 10% carried interest of the government of Ghana) in the Cape Three Points property from joint venture partner Consolidated Minerals Limited ("Consmin") by carrying Consmin through to completion of a BFS.

Canada

B-B Lake, NWT represents a 25% interest in 16 leased contiguous mining claims. The claims are subject to a 12.5% net profits royalty.

As a result of the sale of its interest in 16 leased mining claims in the Timmins area of Ontario (known as "Tully Township") as at December 31, 2002 and December 31, 2003 the Company holds 310,000 common shares of Black Pearl Minerals Consolidated Inc. ("Black Pearl"), representing approximately 4.4% of the total shares in issue of Black Pearl. The shares of Black Pearl are traded on the TSX Venture Exchange (symbol: BLK.H). On April 16, 2004 the closing price of the shares of Black Pearl, as quoted on the TSX Venture Exchange, was Cdn$0.15 each.

4. Share Capital

(a) *Authorized share capital*

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

(b) *Issued share capital*

Common shares	*Number of common shares*	*Amount*
Balance as at January 1, 2002	61,415,518	10,759
Exercise of common share purchase warrants	250,000	39
Issue for acquisition of mobile drill rig	200,000	31
Issue for cash, brokered private placement	6,338,000	1,237
Issue for cash, non-brokered private placement	4,154,000	777
Balance as at December 31, 2002	72,357,518	12,843
Issue for cash, non-brokered private placement	333,333	62
Conversion of shareholder loans	8,571,843	2,024
Issue for cash, brokered private placement	15,000,000	7,447
Exercise of stock options	367,500	75
Exercise of common share purchase warrants	3,639,166	1,169
Exercise of compensation options including attached common share purchase warrants	1,541,449	356
Balance as at December 31, 2003	101,810,809	23,976

On February 8, 2002 250,000 common share purchase warrants were exercised at Cdn$0.25 each, for total proceeds of Cdn$62,500, and as a result the Company issued 250,000 common shares of the Company to the common share purchase warrant holders.

On April 8, 2002 the Company acquired a mobile drill rig for a purchase price of Cdn$50,000 which was settled on April 22, 2002 by the issue of 200,000 common shares of the Company to the vendor, United Reef Limited a company previously related to the Company, at a deemed price of Cdn$0.25 per common share.

During July 2002 the Company closed a brokered private placement of 6,338,000 Units, at a price of Cdn$0.35 per Unit, for total gross proceeds of Cdn$2,218,300. Each Unit consists of one common share plus one common share purchase warrant entitling the holder to purchase one additional common share at a price of Cdn$0.45 expiring on January 10, 2004.

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

On December 30, 2002 the Company closed a non-brokered private placement of 4,154,000 Units, at a price of Cdn$0.30 per Unit, for total gross proceeds of Cdn$1,246,200. Each Unit consists of one common share plus one half of one common share purchase warrant entitling the holder to purchase one additional common share at a price of Cdn$0.45 expiring on June 30, 2004.

On January 3, 2003 the Company concluded a second closing to the non-brokered private placement closed on December 30, 2002 for 333,333 Units (total proceeds Cdn$100,000).

During the year ended December 31, 2003 the Company entered into the following loan agreements with Addax Mining & Metals Limited ("AMM"), a wholly owned subsidiary of The Addax & Oryx Group Limited and the Company's major shareholder:

(i) On April 10, 2003 the Company agreed to borrow the principal amount of US$500,000 to be repaid with interest by December 31, 2003. Interest was computed on the basis of a 360 day year at an interest rate corresponding to LIBOR plus 2% per annum. In the event that the principal amount plus interest was not repaid by December 31, 2003:

- a default interest rate of LIBOR plus 3% was to have applied; and
- AMM would have had the option to convert up to 40% of any amount still outstanding past December 31, 2003 into common shares of the Company.

(ii) On July 7, 2003 and August 20, 2003 AMM provided two loans to the Company totalling US$2,000,000. The details of each loan were as follows:

- Principal amount: US$1,000,000;
- Interest rate: LIBOR plus 2%;
- Repayment date: April 30, 2004; and
- Conversion feature: AMM had the option to convert the principal outstanding plus any accrued interest into common shares of the Company at a price of: Cdn$0.285 per common share for the July 7, 2003 loan; and Cdn$0.355 per common share for the August 20, 2003 loan.

The Company used part of the proceeds of the loan granted by AMM on July 7, 2003 to repay in full the loan granted on April 10, 2003, being the principal amount of US$500,000 plus accrued interest of US$4,042.

On November 10, 2003 AMM elected to convert in full the two outstanding shareholder loans (being the total principal amount of US$2,000,000 plus accrued interest of US$23,508) into common shares of the Company. Accordingly the Company issued 8,571,843 common shares in the Company in full and final settlement of these loans.

On November 12, 2003 the Company closed a brokered private placement of 15,000,000 Units, at a price of Cdn$0.70 per Unit, for total gross proceeds of Cdn$10,500,000. Each Unit consists of one common share plus one half of one common share purchase warrant entitling the holder to purchase one additional common share at a price of Cdn$1.00 expiring on November 12, 2004.

During the year ended December 31, 2003 the following stock options were exercised:

(i) 180,000 stock options at Cdn$0.25 each, for total proceeds of Cdn$45,000, and as a result the Company issued 180,000 common shares of the Company to the stock option holders; and

(ii) 187,500 stock options at Cdn$0.32 each, for total proceeds of Cdn$60,000, and as a result the Company issued 187,500 common shares of the Company to the stock option holders.

During the year ended December 31, 2003 3,639,166 common share purchase warrants were exercised at Cdn$0.45 each, for total proceeds of Cdn$1,637,625, and as a result the Company issued 3,639,166 common shares of the Company to the common share purchase warrant holders.

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

During the year ended December 31, 2003 the following compensation options including attached common share purchase warrants were exercised:

(i) 686,820 compensation options at Cdn$0.25 each, for total proceeds of Cdn$171,705, and as a result the Company issued 686,820 common shares of the Company to the compensation option holders;

(ii) 571,687 compensation options at Cdn$0.35 each, for total proceeds of Cdn$200,090, and as a result the Company issued 571,687 common shares of the Company to the compensation option holders; and

(iii) 282,942 common share purchase warrants at Cdn$0.45 each, for total proceeds of Cdn$127,324, and as a result the Company issued 282,942 common shares of the Company to the common share purchase warrants holders.

As at December 31, 2002 AMM held 35,056,409 common shares of the Company. Included within this holding:

(i) 30,546,409 common shares are subject to an agreement with the Company wherein AMM agreed not to sell the shares for a two year period expiring on November 21, 2003; and

(ii) 18,327,846 common shares are subject to the terms of an escrow agreement entered into by AMM in accordance with the requirements of the TSX Venture Exchange.

As at December 31, 2003 AMM held 47,913,966 common shares of the Company. Included within this holding:

(i) 9,163,923 common shares are subject to the terms of an escrow agreement entered into by AMM in accordance with the requirements of the TSX Venture Exchange; and

(ii) 4,285,714 common shares are subject to a 4-month escrow period. These common shares became free trading on March 13, 2004.

AMM has advised the Company that the aforementioned shares were acquired by it for investment purposes and it may in the future increase or decrease its ownership of securities of the Company from time to time, depending upon the business and prospects of the Company and future market conditions.

(c) *Stock options*

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

Number of stock options	***2003***	*2002*
Outstanding, beginning of year	**4,485,000**	535,000
Granted	**2,565,000**	4,325,000
Exercised	**(367,500)**	–
Expired or not vested	**(992,500)**	(375,000)
Outstanding, end of year	**5,690,000**	4,485,000
Exercisable, end of year	**3,685,000**	2,510,000

As at January 1, 2002 the Company had on issue and outstanding stock options for 535,000 common shares of the Company exercisable at Cdn$0.25 each expiring on May 21, 2003.

During the year ended December 31, 2002 the Company granted stock options for:

(i) 500,000 common shares of the Company exercisable at Cdn$0.32 each expiring July 18, 2003; and

(ii) 3,825,000 common shares of the Company exercisable at Cdn$0.32 each expiring January 17, 2007.

During the year ended December 31, 2002 stock options for 375,000 common shares of the Company exercisable at Cdn$0.32 each expired.

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

During the year ended December 31, 2003 the Company granted stock options for:

(i) 300,000 common shares of the Company exercisable at Cdn$0.32 each expiring January 17, 2007;

(ii) 625,000 common shares of the Company exercisable at Cdn$0.34 each expiring January 17, 2007; and

(iii) 1,640,000 common shares of the Company exercisable at Cdn$1.00 each expiring December 18, 2008.

During the year ended December 31, 2003 the following stock options for common shares of the Company expired or did not vest:

(i) 355,000 stock options exercisable at Cdn$0.25 each; and

(ii) 637,500 stock options exercisable at Cdn$0.32 each.

As at December 31, 2003 the Company had on issue and outstanding stock options for:

(i) 3,425,000 common shares of the Company exercisable at Cdn$0.32 each expiring on January 17, 2007;

(ii) 625,000 common shares of the Company exercisable at Cdn$0.34 each expiring on January 17, 2007; and

(iii) 1,640,000 common shares of the Company exercisable at Cdn$1.00 each expiring on December 18, 2008.

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

	2003	*2002*
Net loss for the year, as reported	**710**	1,632
Stock-based compensation expense	**228**	388
Pro forma net loss for the year	**938**	2,020
Pro forma net loss per share	**0.0122**	0.0312

The fair value of options granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 3.96% (2002 – 3.80%), expected dividend yield of nil, expected volatility of 133.6% (2002 – 159.2%), and expected option life of 3 years. For purposes of the pro forma disclosure, the estimated fair value of the options is expensed over the options' vesting periods. The weighted average fair market value of options granted in 2003 was US$0.3914 (2002 – US$0.1678).

Of the stock options granted during the year ended December 31, 2002 500,000 were granted to non-employees. An expense of US$53,264 relating to these stock options has been included in the consolidated statements of operations and deficit.

During the year ended December 31, 2003 an expense of US$132,326 relating to all stock options granted (both to employees and non-employees) has been included in the consolidated statements of operations and deficit.

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

(d) *Common share purchase warrants*

Number of common share purchase warrants	***2003***	*2002*
Outstanding, beginning of year	**8,414,999**	250,000
Issued	**7,666,665**	8,414,999
Exercised	**(3,639,166)**	(250,000)
Outstanding, end of year	**12,442,498**	8,414,999

As at December 31, 2003 the Company had on issue and outstanding common share purchase warrants for:

(i) 2,928,000 common shares of the Company exercisable at Cdn$0.45 each expiring on January 10, 2004;

(ii) 2,014,499 common shares of the Company exercisable at Cdn$0.45 each expiring on June 30, 2004; and

(iii) 7,499,999 common shares of the Company exercisable at Cdn$1.00 each expiring on November 12, 2004.

(e) *Compensation options*

Number of compensation options including attached common share purchase warrants	***2003***	*2002*
Outstanding, beginning of year	**2,412,300**	1,144,700
Issued, exercisable at Cdn$0.35 each	**–**	633,800
Issued, attached common share purchase warrants, exercisable at Cdn$0.45 each	**–**	633,800
Issued, exercisable at Cdn$0.70 each	**500,000**	–
Exercised, at Cdn$0.25 each	**(686,820)**	–
Exercised, at Cdn$0.35 each	**(571,687)**	–
Exercised, attached common share purchase warrants, at Cdn$0.45 each	**(282,942)**	–
Expired, exercisable at Cdn$0.25 each	**(457,880)**	–
Outstanding, end of year	**912,971**	2,412,300

As at December 31, 2002 the Company had on issue and outstanding:

(i) 1,144,700 compensation options. Each compensation option entitles the holder to purchase one common share of the Company at a price of Cdn$0.25 expiring on May 21, 2003;

(ii) 633,800 Units. Each Unit entitles the holder to purchase one common share of the Company at a price of Cdn$0.35 plus one common share purchase warrant entitling the holder to purchase one additional common share of the Company at a price of Cdn$0.45 expiring on January 12, 2004.

As part of their compensation the agents to the brokered private placement closed on November 12, 2003 were issued a total of 500,000 compensation options. Each compensation option entitles the holder to purchase one common share of the Company at a price of Cdn$0.70 expiring on November 12, 2004.

As at December 31, 2003 the Company had on issue and outstanding:

(i) 62,113 Units. Each Unit entitles the holder to purchase one common share of the Company at a price of Cdn$0.35 plus one common share purchase warrant entitling the holder to purchase one additional common share of the Company at a price of Cdn$0.45 expiring on January 12, 2004;

(ii) 288,745 compensation common share purchase warrants. Each compensation common share purchase warrant entitles the holder to purchase one common share of the Company at a price of Cdn$0.45 expiring on January 12, 2004; and

(iii) 500,000 compensation options. Each compensation option entitles the holder to purchase one common share of the Company at a price of Cdn$0.70 expiring on November 12, 2004.

See notes 9(a), 9(b), 9(c), 9(d) and 9(e).

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

5. Related Parties

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

Balances	*Footnote*	***2003***	*2002*
Due from SAMAX Services Limited	(a)	**1**	–
Due from Carpathian Gold Limited	(b)	**13**	7
Due from Mali: Kofi Project Area joint venture	(c)	**100**	–
Due from related parties		**114**	7
Due to Addax Mining & Metals Limited	(d)	**–**	15
Due to Fasken Martineau DuMoulin LLP	(e)	**39**	30
Due to related parties		**39**	45

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

Transactions	*Footnote*	***2003***	*2002*
Administration	(a)	**120**	105
Administration	(b)	**(40)**	(32)
Other income	(c)	**(24)**	–
Administration	(d)	**–**	3
Interest expense	(d)	**28**	–
Professional fees	(e)	**33**	43
Administration	(f)	**–**	57

(a) Balances with SAMAX Services Limited ("SSL"), a company of which Michael Martineau and Jonathan Forster, both directors of the Company, were shareholders until August 31, 2001, represent amounts advanced by the Company to fund its activities managed by SSL. Administration services provided by SSL comprise exploration, administrative and financial services. With effect from January 1, 2002 the contract for services with SSL was renegotiated and as a result SSL renders charges on a flat fee basis. Previously SSL's fees were calculated as a percentage of expenditures under management. As at December 31, 2002 the balance due to the Company prior to making a provision was US$136,450. This balance may be irrecoverable in full or in part and accordingly a full provision against this balance was included in the consolidated statement of operations and deficit for the year ended December 31, 2002. As at December 31, 2003 the balance due to the Company net of the 2002 provision was US$1,386.

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

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

(c) Balances with the Mali: Kofi Project Area joint venture represent recharges of expenses owing to and services provided by the Company. The Company renders charges to the Mali: Kofi Project Area joint venture as a percentage of expenditures under management. The Mali: Kofi Project Area joint venture is funded by a subsidiary of Newmont Mining Corporation (see note 3).

(d) Balances with Addax Mining & Metals Limited, the Company's major shareholder, represent amounts owing for expenses paid on behalf of the Company, cash advances made to the Company and interest paid on loans provided to the Company.

(e) Professional services provided by Fasken Martineau DuMoulin LLP, a law firm to which Robert Shirriff, a director of the Company, is counsel. In addition to the value of transactions included in the determination of results of operations for the period Fasken Martineau DuMoulin LLP provided professional services in connection with share offerings made by the Company at a cost of US$33,957 (2002 – US$57,437). Fees relating to such transactions have been charged against the gross proceeds of the related share offerings. In addition to the value of transactions included in the determination of results of operations for the period Fasken Martineau DuMoulin LLP provided professional services in connection with the Company's exploration properties at a cost of US$Nil (2002 – US$12,914). In accordance with the Company's accounting policy for exploration and development costs, such costs have been capitalized by property.

(f) Administration services provided by M.D. Coulter & Associates Inc., a company owned by Michael Coulter (a former director of the Company, retired June 24, 2002, and a former secretary of the Company, retired July 31, 2002) comprise administrative, accounting, rent and secretarial services.

6. Income Taxes

The major components of the future tax assets and liabilities classified by the source of temporary differences that gave rise to the benefit are as follows:

	2003	*2002*
Assets		
Net operating losses (expiring 2004 through to 2010)	**893**	490
Canadian exploration and development costs	**613**	748
Foreign exploration and development costs	**79**	79
Share issue cost and other	**142**	168
Total	**1,727**	1,485
Valuation allowances	**(1,727)**	(1,485)
	–	–

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

As at December 31, 2003 the Company had the following approximate tax loss carry forwards available, to the extent permitted by tax regulations, to reduce future income taxes:

(a) Non-capital losses of approximately US$1,731,000 expiring between 2004 and 2010.

(b) Canadian exploration and development costs of approximately US$1,674,000.

(c) Foreign exploration and development costs of approximately US$157,000.

7. Financial Instruments

The carrying amounts of the Company's financial assets and liabilities including cash and short term investments, accounts receivable, prepaid expenses and sundry debtors, accounts payable, and accrued liabilities and sundry creditors approximate the fair value due to the short-term maturity of these items.

8. Segmented Information

The Company operates in one industry segment, mineral exploration and mining. The Company's exploration activities have been carried out in the Central African Republic, Mali, Burkina Faso, Senegal, Ghana and Canada. Note 3 to these financial statements sets out details of capitalized exploration and development costs by country and project.

9. Subsequent Events

(a) Subsequent to December 31, 2003 2,928,000 common share purchase warrants expiring on January 10, 2004 were exercised at Cdn$0.45 each, for total proceeds of Cdn$1,317,600, and as a result the Company issued 2,928,000 common shares of the Company to the common share purchase warrant holders.

(b) Subsequent to December 31, 2003 390,000 common share purchase warrants expiring on June 30, 2004 were exercised at Cdn$0.45 each, for total proceeds of Cdn$175,500, and as a result the Company issued 390,000 common shares of the Company to the common share purchase warrant holders.

(c) Subsequent to December 31, 2003 62,113 compensation options expiring on January 12, 2004 were exercised at Cdn$0.35 each, for total proceeds of Cdn$21,740, and as a result the Company issued 62,113 common shares of the Company to the compensation option holder.

(d) Subsequent to December 31, 2003 350,858 compensation common share purchase warrants expiring on January 12, 2004 were exercised at Cdn$0.45 each, for total proceeds of Cdn$157,886, and as a result the Company issued 350,858 common shares of the Company to the compensation common share purchase warrant holders.

(e) Subsequent to December 31, 2003 9,375 compensation options expiring on November 12, 2004 were exercised at Cdn$0.70 each, for total proceeds of Cdn$6,562, and as a result the Company issued 9,375 common shares of the Company to the compensation option holder.

10. Comparative Figures

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

Officers and Directors

Officers

Jean Claude Gandur

Chairman and Director

Chairman and CEO of The Addax & Oryx Group Limited, an integrated African oil business. Mr. Gandur became the Chairman of SAMAX Gold Inc. in 1996 and of AXMIN in December 2002. SAMAX Gold Inc. was sold to Ashanti Goldfields Company Limited in 1998. Prior to founding The Addax & Oryx Group Limited in 1987 Mr. Gandur worked with a number of major commodity trading houses such as Philipp Brothers, Sigmoil Resources N.V. and Kaines SA. Mr. Gandur has been the honorary consul for the Republic of Congo in Geneva since August 1990 and has been awarded the position of diplomat by Senegal. In addition he has received the decorations of Grand Officer of the Lion Order of Senegal and Commander of the National Order of Benin.

Dr. Michael Martineau

Deputy Chairman, President and Director

Dr. Martineau co-founded AXMIN in 1999. Currently he is also Deputy Chairman of Eurasia Mining PLC and serves as a Director for Ashanti Goldfields Company Limited and Golden Star Resources Ltd.. Dr. Martineau founded SAMAX Resources Limited in 1989 and this was listed on The Toronto Stock Exchange as SAMAX Gold Inc. in 1996 when he became President and CEO. Prior to that Dr. Martineau held various management positions with several senior mining companies.

Dr. Jonathan Forster

Chief Executive Officer and Director

Dr. Forster co-founded AXMIN in 1999 and was appointed CEO in January 2001. Previously Dr. Forster was Group Exploration Manager for SAMAX Gold Inc. having joined the SAMAX stable in 1992. Prior to that Dr. Forster worked for several mining and mineral exploration companies and for three years was a Senior Resource Analyst at a firm of London (United Kingdom) stockbrokers.

Craig Banfield

Chief Financial Officer and Secretary

Mr. Banfield graduated from the University of Lancaster (United Kingdom) with an MA in Accounting & Finance in 1987 and qualified as a Chartered Accountant in 1991. He worked for a number of accounting firms prior to joining the SAMAX stable in 1994 as Financial Controller and Secretary. Mr. Banfield was appointed CFO of AXMIN in April 2001.

Directors

Michael Ebsary

CFO for investments at The Addax & Oryx Group Limited covering the upstream, downstream and mining activities of the group

Mr. Ebsary joined Addax Petroleum, the upstream arm of The Addax & Oryx Group Limited, in 1999 as CFO. Prior to that he worked for a number of oil companies. Mr. Ebsary was appointed a director of AXMIN in March 2002.

Robert Jackson

Business Consultant

Mr. Jackson is a Professional Engineer in Ontario and a Chartered Financial Analyst. He holds an MBA from the University of Western Ontario (Canada), an MSc in Mining Engineering from Queen's University (Canada) and a BSc in Mining Engineering from the Camborne School of Mines (United Kingdom). Currently Mr. Jackson is a director and EVP Corporate Development for Jaguar Mining Inc.. Mr. Jackson was appointed a director of AXMIN in June 1999.

Dr. Edward Reeve

Founder of Haliburton Mineral Services Inc.

Dr. Reeve founded Haliburton Mineral Services Inc., engaged in research on gold producer hedging and other consulting work.

Dr Reeve holds an MSc in Geology from the University of Wisconsin (USA), a PhD in Geology and an MBA both from the University of Toronto (Canada). He worked for eight years for mining and exploration companies and has over 19 years experience in the brokerage business primarily as a gold equity analyst. Dr Reeve was appointed a director of AXMIN in June 2003.

Robert Shirriff

Counsel to Fasken Martineau DuMoulin LLP, Barristers & Solicitors of Toronto, Ontario, Canada

Mr. Shirriff has over 37 years experience in the field of commercial and corporate law and has acted for a number of corporations operating in Canada and internationally. He became a director of SAMAX Gold Inc. in 1996. Mr. Shirriff was appointed a director of AXMIN in July 1999.

Corporate Information

Officers
Jean Claude Gandur[3]
Chairman

Michael Martineau[3,4]
Deputy Chairman & President

Jonathan Forster[3]
Chief Executive Officer

Craig Banfield[3]
Chief Financial Officer & Secretary

Directors
Michael Ebsary[1]
Jonathan Forster[3]
Jean Claude Gandur[3]
Robert Jackson[1,2,4]
Michael Martineau[3,4]
Edward Reeve[1,2,4]
Robert Shirriff[2]

Senior Management
Howard Bills
Exploration Manager

Judy Webster[3]
Manager – Investor Relations

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

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Canada

Annual Meeting
The Annual Meeting of
Shareholders will be held at:
4:30 pm (EST) on Tuesday,
June 22, 2004 at the offices of
Fasken Martineau DuMoulin LLP
Toronto Dominion Bank Tower
Suite 4200
Toronto-Dominion Centre
66 Wellington Street West
Toronto, Ontario M5K 1N6
Canada

Auditors
Ernst & Young LLP
Toronto, Ontario, Canada

Legal Counsel
Fasken Martineau DuMoulin LLP
Toronto, Ontario, Canada

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

Common Shares Outstanding
(As at December 31, 2003)
101.8 million

Bankers
Canadian Imperial Bank
of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands

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

AXMIN

www.axmininc.com