

Annual Report
2009



emerging
producer



Letter to Shareholders

2009 was a year of uncertainty for AXMIN. Even as gold prices reached new highs, the Company was unable to fully benefit from the bullish environment due to the continuing delays in the permitting process at the Passendro Gold Project. In an effort to find the best way forward, the Company's Board, with the assistance of an independent advisor, initiated a strategic review process in March 2009, which encompassed a thorough analysis and evaluation of the prospects and alternatives available to AXMIN. Twelve months later the Company is just starting to see the benefits of this process with the announcement of AXMIN's proposed acquisition of AfNat Resources Limited, an AIM listed company, as well as the agreement to sell its Kofi Gold Project in Mali to Avion Gold Corporation.

In April of this year we were pleased to announce the execution of a definitive agreement to acquire AfNat Resources Limited in exchange for shares of AXMIN. It is anticipated that when this deal closes in the second quarter this year, the AfNat shareholders will own approximately 40% of AXMIN, creating a more diverse shareholder base that will remain listed on the TSX Venture Exchange. This proposed business combination is consistent with our strategy to ensure that the Passendro Gold Project in the Central African Republic is taken to the next level. We believe that this transaction will result in a company with a stronger balance sheet, but most importantly will reinforce management's expertise and experience in developing projects in south and central Africa.

The announcement in March 2010 of AXMIN's intent to sell its Kofi Gold Project in Mali to Avion Gold Corporation was also a result of the strategic review process. Although AXMIN believes in the potential of its Kofi discovery, it is much further down the project pipeline and as such would require both financial and exploration resources that we believe would realize better value in our more advanced projects. In addition, early this year we joint ventured our Satifara permit, located adjacent to the Sadiola property, to the IAMGOLD / AngloGold Ashanti joint venture. Considering their exploration expertise in the area and the aggressive exploration program set out in the agreement we are encouraged that any positive results will produce prompt resource definition.

Also in 2009, we explored the benefits of a reduced mining scenario at the Passendro Gold Project. Our results proved positive and the study concluded that the reconfigured project forms an attractive option to that described in the bankable feasibility study in 2008. By reducing the project throughput to an average of 1.3 million tonnes per annum (average 100,000 oz per annum) the initial capital cost (excluding working capital of US\$2.1 million) is reduced 35% to US\$127 million, project payback remains at just over two years and the life of the project nearly doubles to 11.5 years. Consider too that both studies were based on US\$750/oz gold price and since that time we have increased our measured and indicated resources at Passendro, both of which should further the economic viability of the project.

During 2009 AXMIN also began to advance its Komahun Gold Project to the next level and announced a positive scoping study in March 2009. We were encouraged that the conservative baseline starting point indicated potential for development of an underground gold mine with target production levels of at least 50,000 ounces per annum. In addition, economics for the project could be substantially enhanced by future exploration success that could potentially increase resources and mine life.

As we enter a new phase in your Company's development, we believe that AXMIN is positioned to perform for our shareholders. We have either joint ventured or sold all of our non-core assets, and after the AfNat acquisition we expect to have a much stronger balance sheet giving us the financial ability to carry out our growth plans on our remaining assets. We view the strength in the gold market over the last several years to be in its early stages and we expect prices to continue to perform for the industry. As such, we remain committed to a strategy that is focused on transitioning AXMIN from an explorer to producer as a means of creating shareholder value.

As we progress into 2010 it is with renewed excitement that the uncertainty is behind us; and although the path ahead will be challenging it is clear. On behalf of the Board of Directors and the whole organization, we would like to express our sincerest gratitude to our major shareholder, AOG Holding BV, whose support has made a difficult year easier to navigate. In conclusion, we extend our thanks to our employees for their hard work during the past year, and to our Board for their consistent and diligent oversight of our strategy and the strong leadership it has provided. As always, we thank our shareholders for their continued patience as we work together towards a stronger future.

"Signed"

Jean Claude Gandur
Chairman & Director

"Signed"

Mario Caron
President, Chief Executive Officer & Director

April 30, 2009

Management's Discussion and Analysis

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 31, 2009 and 2008. 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, 2009, as well as the audited Statements of the Company as at and for the year ended December 31, 2008 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, unless otherwise specified. This report is dated as of April 26, 2010. Readers are encouraged to read the Company's other public filings, which can be reviewed on the SEDAR website (www.sedar.com).

Overview

AXMIN is an international mineral exploration and development company with an exploration portfolio in the mineral belts of central and west Africa. The Company's mineral properties include various permits in the countries of Central African Republic ("CAR"), Sierra Leone, Mali and Senegal. A significant portion of the Company's exploration and development costs relate to its Passendro Gold Project ("Passendro") situated on a portion of the Bambari property in the CAR. The Company holds its interest in this property through its wholly owned CAR registered subsidiary, Aurafrique SARL ("Aurafrique"), which holds prospecting and exploration permits for the property.

On April 14, 2010, AXMIN and AfNat Resources Limited ("AfNat") entered into a definitive agreement for a proposed acquisition whereby AXMIN is to acquire all of the outstanding securities of AfNat (the "Transaction"). In consideration for the acquisition by AXMIN of the issued and outstanding securities of AfNat under the Transaction, AXMIN would issue an aggregate of approximately 206,328,666 common shares of AXMIN and an aggregate of approximately 14,961,941 share purchase warrants to acquire common shares of AXMIN to former holders of common shares of AfNat and to former holders of convertible securities of AfNat, respectively.

It is anticipated that after given effect to such issuances, former securityholders of AfNat will hold in the aggregate approximately 40% of the issued and outstanding shares of AXMIN (or approximately 37% on a fully-diluted basis).

The Transaction is expected to be completed by way of a scheme of arrangement under the laws of Bermuda, and will be subject to a number of conditions including the approval of the TSX Venture Exchange, regulatory approvals and the sanctioning of the scheme by the Supreme Court of Bermuda.

Assuming the receipt of all required shareholder, court and regulatory approvals and assuming satisfaction of all conditions to the Transaction it is anticipated that the Transaction will close during the second quarter of 2010. There can be no assurance that the Transaction or any other transaction will be completed by such date or at all.

On March 31, 2010, the Company entered into definitive agreement with Avion Gold Corporation ("Avion") to sell the Kofi Gold Project and other ancillary permits in Mali for proceeds of up to Cdn\$500 cash and up to 4,500,000 common shares of Avion. The transaction is expected to close no later than September 30, 2010 at which time AXMIN will receive the proceeds of sale. This agreement does not include AXMIN's Satifara permit which was the subject of a joint venture agreement in February 2010 as described below.

The aforementioned transactions are the result of a formal strategic review process undertaken by the Board of Directors, which was initiated in March, 2009. This strategic review process encompassed a thorough analysis and evaluation of the prospects and options available to AXMIN, including the potential sale of AXMIN or its assets, the acquisition by AXMIN of another company or business, a business combination, merger or amalgamation, or any other alternative that may be identified.

Exploration and Development Properties

As of December 31, 2009, AXMIN has interests in the following mineral exploration properties as noted below:

- CAR: the Bambari, Bakala, Bogoin II and Pouloubou exploration permits;
- Sierra Leone: the Nimini Hills, Makong and Matotaka exploration permits;
- Mali: the Kofi North, Netekoto-Kenieti, Walia West, Walia and Kenieti-Dianisse exploration permits (collectively referred to as the "Kofi Gold Project") and the Satifara permit;
- Senegal: the Sonkounkou, Sabodala NW and Heremakono exploration permits (collectively referred to as the "Senegal Permits").

On June 30, 2009, due to the limited results of its most recent financings and continued delays in obtaining the Passendro mining permit the Company reassessed the carrying values of each of its properties in order to determine if impairments were necessary. The valuations obtained upon completion of this exercise have resulted in impairments for each of the Company's major properties being required. The Company has determined the aggregate impairment to be US\$51.6 million. The Company remains hopeful that it will be successful in obtaining the mining permit for the Passendro project and for now, will continue with minimal exploration programs.

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.

Global Resources / Reserve

(All resources and reserve are NI 43-101 compliant; based on 100% ownership; and as of December 31, 2009)

Category/Project	Tonnes (Mt)	Grade (g/t Au)	Gold Content (oz Au)	Stage
Passendro¹				
Indicated	31.5	2.0	2,027,000	Permitting
Inferred	21.7	1.6	1,104,000	
Proven ⁴	1.8	2.6	150,591	
Probable ⁴	14.9	2.4	1,126,006	
Komahun²				
Indicated	0.4	9.1	110,000	Scoping Study
Inferred	3.1	4.3	435,000	
Kofi^{3,5}				
Indicated	3.6	2.5	293,000	Resource
Inferred	5.3	2.2	368,000	Definition
Total				
Indicated	35.5	2.1	2,430,000	
Inferred	30.1	2.0	1,907,000	
Reserve⁴	16.8	2.4	1,276,597	

1 Passendro: June 2009; cut-off grades vary from 1.2 t/t Au, 1.0 g/t Au and 0.8 g/t Au

2 Komahun: September 2008; cut-off grades plus 1.8 g/t Au

3 Kofi: December 2007; cut-off grade at 1.0 g/t Au

4 Proven & Probable reserve included in the Measured & Indicated resource

5 In March 2010, AXMIN entered into a definitive agreement with Avion to sell its Kofi Gold Project. The transaction is expected to close in Q3 2010.

CAR – Passendro Gold Project and Other Permits

At December 31, 2009, the Company believes it has fulfilled all its obligations pertaining to the mining permit process.

In 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 project area.

The program targeted areas where one or more criteria were present, in particular the presence of good geochemical anomalies both conventional soil and termite mounds, known gold mineralisation and related alteration, iron rich Banded Iron Formations ("BIF") and major structures. The program delineated 13 areas of interest of which seven are recommended for follow-up drilling. The remaining six zones require more detailed soil sampling, prospecting and trenching.

On September 11, 2009, AXMIN expressed to the government of CAR an 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.

At June 30, 2009, as a result of the continued inability of the Company to secure 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 current 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. The ability of the Company to successfully raise capital or source funds in the near future combined with its continued efforts to obtain the mining permit for Passendro will largely dictate the Company's decision to pursue this property. The Company continues to seek to obtain the required permits, mining license and state approvals for the Passendro project.

On June 18, 2009, the Company reported a 30% increase in the Measured and Indicated resource at Main Zone, Passendro Project in the Central African Republic. This together with the updated resources at Katsia, Baceta and the new zone Mbourou represent a 10% increase in the overall resources. 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 this low grade resource could lie within the future pits. 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. The mineral resource estimates have been prepared by independent consultants, SRK Consulting (UK) Ltd ("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.

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 Bankable Feasibility Study ("BFS") that was announced in April 2008. By reducing the scale of the project to 1.3 million tonnes per annum ("tpa"), this Study noted the following:

Highlights of BFS (2008) vs Reduced Scenario Study (2009)	Study, March 2009	BFS, April 2008	Change
Initial capital cost (US\$ Millions)	127	196	(69)
Capital cost (US\$/oz)	151	183	(32)
Average annual gold production (oz)	100,000	203,000	(103,000)
Project payback (years)	2.3	2.2	(0.1)
Tonnes per annum	1,300,000	3,000,000	(1,700,000)
Mine Life (years)	11.5	5.9	5.6
Cash costs (including royalties)(US\$/oz)	431	379	(52)
Based on \$750/gold ounce			
Net Present Value ("NPV"), after tax, 5% discount (US\$ Millions)	135	164	(29)
Internal Rate of Return ("IRR") (%)	27	29	(2)
Based on \$900/gold ounce			
NPV (US\$ Millions)	244	311	(67)
IRR (%)	41	47	(6)

(all financial analysis is based on 100% ownership)

On April 2, 2008, the Company reported the results of its BFS for Passendro. The first three years of production provides an average annual production of 223,000 ounces with an average cash cost of US\$343/oz. The base case, using a gold price of US\$750 per ounce, gives an IRR of 29.4% and a NPV at a 5% discount of US\$164 million. The BFS was led by SENET (PTY) Ltd. of South Africa and included a multidisciplinary team of independent consultants.

The highlights of the BFS are as follows *(all financial analysis is based on 100% ownership)*

Mine throughput		3 mtpa
Mine life (on current reserves)		5.9 years
Development and construction		24 months
Strip ratio		8.4:1
Average annual gold production	(life of mine)	203,000 ounces
<i>Base Case Economics (US\$750/oz Au)</i>		
Total capital cost		US\$196 million
Cash operating costs	(including royalties, and fuel costs based on an oil price of US\$80 per barrel)	US\$379/oz Au
IRR	(after tax and royalties)	29.4%
NPV	(after tax, 5% discount)	US\$164 million
Payback period		2.2 years
Metallurgical recovery	(oxide, sulphide & transition)	94%
Gravity recovery		40%

Both the BFS and the Reduced Scenario Study are based on the Mining Reserve estimate announced in March 2008. The estimate was prepared by SRK and was calculated on seven discrete engineered pits optimized at a gold price of US\$650 per ounce using the whittle process and utilizing current operating costs, royalties and with pit slopes varying from 38 to 46 degrees. Contained within the engineered pits is an additional inferred resource of 1.04 Mt grading 2.12 g/t Au containing 71,000 ounces of gold, with additional work it is expected that these resources will be added to the overall reserves.

<i>Reserve category</i>	<i>Tonnes (million)</i>	<i>Grade (g/t Au)</i>	<i>Contained gold (oz)</i>
Proven	1.83	2.56	150,591
Probable	14.94	2.35	1,126,006
Total reserve	16.77	2.37	1,276,597

Note: proven and probable reserve is derived from measured and indicated resources

At December 31, 2008, due to the decline in the business climate, the limitations of raising capital in the markets and the uncertainty of the recoverability of exploration and development costs associated with the Bogoin II, Pouloubou and other ancillary properties, \$1.0 million of these costs were written down. The ability of the Company to raise capital in the near future will in all likelihood, dictate the decision to pursue these properties.

On November 6, 2008, the Company announced that Aurafrique had received the “Certificat de Conformité” (“ESIA”) from the Ministry of Water, Forests, Fishing and Hunting responsible for the Environment for Passendro. The Certificat de Conformité is renewable on an annual basis until such time as the Regulations for the new Environmental Code are adopted by the CAR Government. The approval of the ESIA is an essential component of the mining license application.

On August 29, 2008, the Company was informed that an Amending Decree was published, amending Article 2 of the Bambari 1 and 2 permits located in the CAR. These permits were last renewed on June 29, 2007 and expire on June 29, 2010. Prior to the Amending Decree the Bambari 1 and 2 permits were valid for gold, silver, copper, nickel, lead, zinc and iron. The Amending Decree amends the mineral rights of these permits to gold only. Passendro is not affected by the Amending Decree. The government of CAR has not given a justification for the Amending Decree and the Company is pursuing its options in restoring the full rights of its permits.

Sierra Leone – Komahun Gold Project and Other Permits

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 BIF ridge situated some 4 km to the south-southwest of the main 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. The ability of the Company to successfully raise capital or source funds in the near future will in all likelihood, dictate the decision to pursue this property. The Company remains optimistic on exploration potential in Sierra Leone.

On March 12, 2009, the Company announced the results of a Preliminary Economic Assessment or Scoping Study (the “Scoping Study”) for its Komahun Gold Project (“Komahun”), 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.

On September 18, 2008, the Company reported a significant increase in mineral resource ounces and grade at Komahun. The mineral resource estimate has utilized all drilling to date totalling 168 core holes, for a total of 22,370 metres. The bulk of the resource lies within the central 300 metres strike length of the Komahun structure where modelling has been taken to depths of up to 400 metres from surface. Preliminary metallurgical testwork on the sulphide and oxide mineralisation suggests that recovery levels in excess of 90% may be achievable. In addition, for the first time the mineral resource estimate includes an Indicated Mineral Resource of 370,000 tonnes grading 9.1 g/t Au (110,000 ounces) and an Inferred Mineral Resource of 3.1 million tonnes grading 4.3 g/t Au (435,000 ounces).

The in-situ mineral resource estimate at a plus 1.8 g/t Au cut off was undertaken by SRK using robust three dimensional interpretations with grade interpolation carried out using Ordinary Kriging. The cut off grade reflects modelling parameters suitable for underground mining. The estimates have been prepared under the guidelines of National Instrument 43-101 and accompanying documents 43-101.F1 and 43-101.CP.

<i>Category</i>	<i>Tonnes (million)</i>	<i>Grade (g/t Au)</i>	<i>Contained Gold (oz)</i>
Indicated Mineral Resource	0.37	9.1	110,000
Inferred Mineral Resource	3.10	4.3	435,000

Komahun lies within the Nimini Hills licences which are held under a joint venture agreement with AFCAN Barbados Limited, a subsidiary of Eldorado Gold Corporation (ELD-TSX; EGO-ASX). Under the terms of the joint venture, Eldorado has elected not to participate in ongoing exploration expenditures. As a consequence, AXMIN may increase its level of ownership in the project from 60% to 80% by completing a BFS.

Mali – Kofi Gold Project

On March 31, 2010, the Company entered into definitive agreement with Avion Gold Corporation ("Avion") to sell the Kofi Gold Project and other ancillary permits in Mali for proceeds of up to Cdn\$500 cash and up to 4,500,000 common shares of Avion. The transaction is expected to close no later than September 30, 2010 at which time AXMIN will receive the proceeds of sale. This agreement does not include AXMIN's Satifara permit which was the subject of a joint venture agreement in February 2010 as described below.

On February 10, 2010, the Company 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 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.

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 US\$6.8 million on the Kofi Gold project.

In 2009 the Company initiated a limited exploration program aimed at mapping the remaining western portion the Kofi project, the program began in the second quarter of 2009 and was supplemented by termite mound geochemical sampling. A total of 4,628 termite mounds were sampled during the period of June and July 2009, of which 906 samples were sent for analysis.

At December 31, 2008, as part of its ongoing assessment of evaluating the carrying value of its mineral properties, the Company assessed an impairment charge of US\$2.5 million on the Kofi Gold project. Since no scoping study has been completed at this time, the fair value methods used to determine the valuation included: cost per oz compared to peers and recent acquisitions in the junior mining industry.

Senegal Permits

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 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 this stage AXMIN may elect to participate or transfer its residual interest to MDL in return for a 1.5% royalty.

The company had previously entered in a joint venture with Harmony Gold Mining Company Limited, which was terminated in November 2007 at which time full permit rights were returned to the Company. Due to the uncertainty of the recoverability of exploration and development costs, US\$354 was written off in 2008. Subsequent expenditures of US\$212 associated with MDL's joint venture agreement have been capitalized.

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. MDL is currently undertaking a 3,500 metre RC drilling program on the Soukounkou permit. Management believes that MDL will fulfill its expenditure requirements to earn its interest in the permits in accordance with the JV agreement.

Ghana

Effective June 27, 2008 AXMIN transferred its entire interest in the Cape Three Points property in Ghana to Noble Mineral Resources Limited ("Noble") for proceeds of 3,000,000 common shares, representing approximately 2% of the total issued common shares of Noble at that time. In addition, AXMIN retains a 1.5% royalty on any future gross smelter returns from ore mined from the Cape Three Points Licence area. This transaction was part of Noble's IPO on the Australian Securities Exchange ("ASX") which was priced at A\$0.20 per common share and shares started trading on June 27, 2008. In accordance with the regulations of the ASX the common shares of Noble held by AXMIN are subject to a 24 months escrow period commencing on June 27, 2008. A gain of \$575 was recognized on receipt of the shares. Subsequently, these shares were written down to reflect the estimated fair value.

As at December 31, 2009, the common shares of Noble Resource Limited were trading at A\$0.30 on the Australian Exchange, resulting in an unrealized gain of A\$900 or US\$801 as shown in the consolidated statements of comprehensive loss in the financial statements.

As of the date of the MD&A, the shares of Noble Resources Limited have traded at A\$0.40.

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).

Outlook

AXMIN's ability to successfully raise capital has proven challenging since an amending decree imposed by the government of CAR in August of 2008, limiting the permits to the exploration of gold only. There are no guarantees that such capital raising will be successful in the future. The ability of AXMIN to continue as a going concern is dependent on shareholder support and its ability to raise additional financing.

As of the date of this report, the Company's major shareholder AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited, provided the Company with three loans totalling Cdn\$1.6 million bearing interest at 9% per annum.

The principal and accrued interest is due on the earliest of the following:

- i) The effective maturity date, December 21, 2011.
- 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 money
- e) AXMIN making dividend payments or payment of management fees

Results of Operations

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

<i>In thousands of US dollars, except per share amounts</i>	2009 4 th quarter	2009 3 rd quarter	2009 2 nd quarter	2009 1 st quarter
Statements of operations and deficit				
Net loss for the period	(484)	(1,138)	(52,115)	(713)
Net loss per share	(0.002)	(0.004)	(0.179)	(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 flow from financing activities	1,322	578	2,026	-

	2008 4 th quarter	2008 3 rd quarter	2008 2 nd quarter	2008 1 st quarter
Statements of operations and deficit				
Net (loss) profit for the period	(4,760)	(1,153)	(1,372)	(1,334)
Net (loss) profit per share	(0.017)	(0.005)	(0.006)	(0.005)
Balance sheets				
Working capital	1,228	1,147	5,772	1,129
Total assets	85,461	87,298	89,458	78,702
Statements of cash flows				
Investments in exploration and development	(2,066)	(3,739)	(6,345)	(7,234)
Cash inflow from financing activities	3,213	-	11,866	796

Year ended December 31, 2009

The net loss for the year ended December 31, 2009 was US\$54.4 million compared to US\$8.6 million in 2008, an increase of US\$45.8 million. The variance is primarily due to an increase in impairment charges of exploration and development costs. A review of the carrying values of the Company's exploration and development property assets led to impairment charges of US\$52.0 million in 2009 compared to US\$3.9 million in 2008. The Company's policy is to continually assess the economic viability of its projects whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value.

Administration expenses in 2009 were US\$2.2 million compared to US\$3.1 million in 2008. The principal reason for this decrease was the shutdown of the UK office and the reduced scope of the Company's activities in 2009 compared to 2008.

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

During the year ended December 31, 2009, the Company capitalized exploration and development costs for a total of US\$3.4 million (of which US\$2.1 million related to the Bambari-Bakala Permits) compared to US\$19.4 million (of which US\$12.3 million related to the Bambari-Bakala Permits) during the year ended December 31, 2008. As at December 31, 2009 the Company's cumulative capitalized carrying value of exploration and development expenditures was US\$34.7 million compared to the December 31, 2008 balance of US\$83.2 million. This significant decrease is a result of recording impairment charges in the amount of US\$52.0 million during the year ended December 31, 2009 and the reduced scope of the Company's exploration and development activities in 2009 compared to 2008.

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, 2009, the Company has a working capital deficit of \$351, 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. In the foreseeable future, the Company will likely remain dependent on the issuance of shares, the sale of assets and the availability of project finance 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 or the sale of assets to allow the Company to continue future exploration and development activities. However, there can be no assurance that it will be successful.

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 recent uncertainty regarding the permitting process for the Passendro Gold Project has rendered the task of obtaining corporate financing difficult. Management has been informed by its various advisors in the investment banking sector that project financing may also be difficult, which in turn, could cause delays in the ramp up of Passendro. Management has reviewed and modified all expenditure programs in order to narrow the Company's focus and preserve resources until the mining permit is in hand.

The Company's main sources of funding are equity markets, outstanding warrants and options. As at December 31, 2009, the Company had cash resources of US\$340 compared to US\$2.0 million balance as at December 31, 2008. All of these amounts are retained as cash on deposit, thus minimizing the credit risk. The decrease in cash resources is mostly due to investments in exploration and development, working capital and administrative expenses.

On December 21, 2009, the Company's major shareholder AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited, provided the Company with a loan of Cdn\$500, (US\$476). The loan bears interest at 9% per annum. The principal and accrued interest is due on the earliest of the following:

- i) The effective maturity date, December 21, 2011.
- ii) The effective date of any Change of Control.
- iii) Occurrence of any Event of Default.

On November 23, 2009, the Company's major shareholder, AOG, exercised 2,300,000 common share purchase warrants at a price of Cdn\$0.14 per share for a total consideration of Cdn\$322. Following the exercise of the warrants, AOG exercises control

and direction over 153,825,326 common shares of the Company, representing 49.95% of the Company's 307,979,901 issued and outstanding common shares.

On October 15, 2009, the Company's major shareholder, AOG, exercised 4,000,000 common share purchase warrants at a price of Cdn\$0.14 per share for a total consideration of Cdn\$560.

On September 16, 2009, the Company's major shareholder, AOG, exercised 4,400,000 common share purchase warrants at a price of Cdn\$0.14 per share for a total consideration of Cdn\$616.

On April 21, 2009, the Company closed a non-brokered private placement with its major shareholder, AOG, of 25,000,000 Units at a price of Cdn\$0.10 per unit for total gross proceeds of Cdn\$2.5 million (US\$2.0 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 Cdn\$0.14 expiring on April 21, 2012.

As at December 31, 2009, the Company had a negative working capital of US\$351 compared to the amount of US\$1.2 million as at December 31, 2008. The decrease in working capital in 2009 mostly relates to the investment in exploration and development, decrease in trade payables and administrative expenses.

Contractual Obligations

The Company has entered into agreements to lease premises for various periods until October 31, 2013. The annual rent of premises consists of minimum rent of US\$104 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 2009 and 2008, the Company received:

- (a) \$196 (2008 - \$192) in legal services provided by a partnership related to a director of the Company. At December 31, 2009, \$160 (2008 - \$29) was due to this partnership.
- (b) \$46 (2008 - \$57) in management services from Addax and Oryx Group Limited, a company related to the Chairman of the Company. At December 31, 2009, \$104 (2008 - \$57) was due to this company.

International Financial Reporting Standards

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 date of transition is January 1, 2011 whereby the Company plans to report its 2011 interim and annual financial statements under IFRS guidelines. The financial reporting in 2011 will also include the restatement of the 2010 figures in compliance with IFRS guidelines for comparative purposes.

Management has put into place a conversion plan that includes; i) education and awareness ii) identifying major differences between current Canadian GAAP and IFRS iii) impact on systems and processes. At the date of this report, the education and awareness phase is completed while the other segments of the plan are in progress. The Company continues to assess the impact of transition to IFRS on its consolidated financial statements. A diagnostic assessment of the Company's current accounting policies, systems and processes to identify the differences between Canadian GAAP and IFRS is in progress and the impact on our consolidated financial position and results of operations has not yet been determined. The expected impact would be in the areas of mineral properties, impairment charges, stock-based compensation, taxes and first time adoption.

Risk Factors

Due to the nature of the Company's business and present stage of exploration and development of its mineral properties, the Company is subject to various financial, operational and political risks.

The risks and uncertainties described below are those the Company currently believes to be material but they are not the only ones faced by the Company. If any of the following risks, or any other risks and uncertainties that the Company has not yet

identified or that it currently considers not to be material, actually occur or become material risks, the Company's business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected.

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.

No Production Revenues; History of Losses

AXMIN does not currently operate a mine on any of its properties. There is no certainty that the expenditures made by AXMIN towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

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 amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

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.

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. Further, there can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

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. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in gold and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. 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, or of AXMIN's ability to extract these mineral reserves, could have a material adverse effect on AXMIN's results of operations and financial condition.

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Nature of Mineral Exploration

Other than with respect to the properties that comprise Passendro in the CAR, none of the properties in which AXMIN has an interest contain a known body of commercial ore. Passendro is situated on a portion of the Bambari property and is contained within the Bambari permits. The exploration and development of mineral deposits involve significant financial risks over a

significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. 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. It is impossible to ensure that the proposed exploration programs on the properties in which AXMIN has an interest will result in a profitable commercial mining operation.

AXMIN's exploration and, if such 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. AXMIN's activities may be subject to prolonged disruptions due to weather conditions, depending on the location of operations in which AXMIN has interests. Hazards, such as unusual or unexpected formations, rock bursts pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. The nature of these risks is such that liabilities could exceed any insurance policy limits or could be excluded from any insurance coverage. There are also risks against which AXMIN could not insure or against which it may elect not to insure. The potential costs which 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.

Joint Venture Strategy

AXMIN's business strategy includes continuing to seek new joint venture opportunities. In pursuit of such opportunities, AXMIN may fail to select appropriate joint venture partners or negotiate acceptable arrangements, including arrangements to finance such opportunities or, where necessary, integrate the acquired businesses and their personnel into AXMIN's operations. AXMIN cannot assure that it can complete any business arrangement that it pursues, or is pursuing, on favourable terms, or that any business arrangements completed will ultimately benefit AXMIN's business.

Additional Funding Requirements

Additional funds over and above those currently held by the Company will be required to for further exploration to prove economic ore bodies and to bring such ore bodies to production. The exploration and development of AXMIN's properties will depend upon AXMIN's ability to obtain financing through the joint venturing of projects, equity financing, debt financing or other means. There is no assurance that AXMIN will be successful in obtaining the required financing or obtaining such financing on acceptable terms. The location of AXMIN's properties in developing countries may make it more difficult for AXMIN to obtain debt financing from senior lenders. Failure to obtain additional financing on a timely basis or on acceptable terms could have a material adverse effect on AXMIN's financial condition, results of operations and liquidity and could cause AXMIN to forfeit all or parts of its interest in some or all of its properties or joint ventures and reduce or terminate its operations.

Necessary Personnel and Equipment May Not Be Available

Due to market conditions, the availability, timeliness of such availability and cost of suitable personnel and equipment with which AXMIN requires to carry on its business currently and is reasonably expected to require to carry on its business in the future is uncertain. There is no certainty that such personnel and equipment will be available in a timely fashion, if at all, and that the costs of such personnel and equipment will not be prohibitively expensive.

Political Risk

AXMIN currently conducts its exploration activities in the African countries of the CAR, Mali, Sierra Leone and Senegal. A significant portion of the Company's mineral properties are located in the CAR and as such the success of the Company will be influenced by a number of factors including the legal and political risks associated with that country. There have been recent news reports of a deteriorated security situation in the north-eastern sector of the 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 the CAR, Mali, Sierra Leone, 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 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.

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. To the extent such approvals are required and not obtained AXMIN may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, 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. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on AXMIN and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Contractual Arrangements

AXMIN has entered into and may in the future enter into, contractual arrangements to acquire interests in mineral resource properties with governments or governmental agencies 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. As such, the contractual arrangements may be subject to cancellation or unilateral modification. Furthermore AXMIN will be dependent on the receipt of government approvals or permits to explore and develop its properties. 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. In some cases, infrastructure has been put in place by AXMIN on the basis of verbal or preliminary governmental approval, which may or may not be confirmed by government order. In addition, there is a possibility that AXMIN's agreements with governments and governmental agencies or joint venture partners may be unenforceable against these parties.

Commodity Prices

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. Depending on the price of gold and other metals, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue any development and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on gold and other metal prices that are adequate to make these properties economic.

Furthermore, reserve calculations and life-of-mine plans using significantly lower gold and other metal prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting the Company's possible future reserve estimates and its financial condition, declining commodity prices may impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Competition

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

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

Currency Risk

AXMIN's costs are incurred in Canadian dollars, United States dollars, British pounds sterling, Euros and also in the currencies of the CAR, Mali, Sierra Leone and Senegal. 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. No assurances can be given 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.

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.

Repatriation of Earnings

Currently, there are no significant legal restrictions on the repatriation from the CAR, Mali, Sierra Leone, and Senegal of earnings to foreign entities with the exception of restrictions of legal capital (equity) until after dissolution. However, there can be no assurance that restrictions on repatriation of earnings from such countries will not be imposed in the future.

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 regulation 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. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required.

Enforceability of Civil Liabilities

Certain of AXMIN's directors and officers reside outside of Canada. All of the assets of such persons are, and substantially all of the properties of AXMIN are, located outside of Canada. It may not be possible for investors to effect service of process within Canada upon such persons and it may also not be possible to enforce against AXMIN and/or such persons judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Concentration of Share Ownership

As at the date of this report, AOG, holds approximately 49.95% 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. AOG's shareholding excludes shares in AXMIN held by the Company's Chairman, Jean Claude Gandur, who is a senior officer and director of an affiliate of AOG.

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.

Estimation of Asset Carrying Values

The Company undertakes a periodic evaluation of its portfolio of exploration projects and other assets.

The recoverability of the Company's carrying values of its properties are assessed by comparing carrying values to estimated future net cash flows from each property.

Factors which may affect carrying values include, but are not limited to, metal and reagent prices, capital cost estimates, mining, processing and other operating costs, grade and metallurgical characteristics of ore, mine design and timing of production. In the event of a prolonged period of depressed metal prices the Company may be required to take additional material write-downs of its exploration and development properties.

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.

Increased Labour Costs

Wages and related labour costs account for a large portion of AXMIN's costs. Accordingly, AXMIN's costs may be materially affected by increases in wages and related labour costs.

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

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	307,979,901
Stock options	5,505,000
Common share purchase warrants	55,966,667
Fully diluted share capital	369,451,568

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”

Mario Caron
President, Chief Executive Officer & Director

April 26, 2010

AXMIN Inc.

Management's Report on the Consolidated Financial Statements and Auditors' Report

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 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 comprises 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"
Mario Caron
President, Chief Executive Officer and Director

"Signed"
Alex Dann
Vice President Finance and Chief Financial Officer

Auditors' Report

To the Shareholders of AXMIN Inc.

We have audited the consolidated balance sheets of AXMIN Inc. as at December 31, 2009 and 2008 and the consolidated statements of operations and deficit, and comprehensive loss, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 statements presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants

Toronto, Canada
April 26, 2010

Consolidated Balance Sheets

As at December 31, 2009 and 2008
 (Nature of operations and going concern - Note 1)
 (Expressed in thousands of United States dollars)

	2009	2008
Assets		
Current assets		
Cash and cash equivalents	340	1,994
Marketable securities (Note 12)	801	-
Accounts receivable	68	59
Prepaid expenses and deposits	47	64
	1,256	2,117
Exploration and development costs (Note 4)	34,671	83,205
Other assets, net	62	139
	35,989	85,461
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	542	803
Amounts due to related parties (Note 6)	264	86
	806	889
Shareholder Loan (Note 6)	477	-
	1,283	889
Commitments and contingencies (Notes 4 and 8)		
Shareholders' equity (Note 5)		
Share capital	105,374	102,655
Warrants	2,781	2,364
Contributed surplus	6,029	5,382
Deficit	(80,279)	(25,829)
Accumulated other comprehensive income (Note 9)	801	-
	34,706	84,572
	35,989	85,461

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors

"Signed"

Jean Claude Gandur
 Chairman and Director

"Signed"

Mario Caron
 President, Chief Executive Officer and Director

Consolidated Statements of Operations, and Comprehensive Loss

For the years ended December 31, 2009 and 2008

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

	2009	2008
Expenses		
Administration	2,207	3,085
Impairment charges (Note 4)	51,973	3,873
Write-down of investments (Note 4)	-	575
Stock-based compensation (Note 5)	334	1,300
	54,514	8,833
Other income and expenses		
Loss (gain) on foreign exchange	(61)	487
Gain on sale of interest rights (Note 4)	-	(575)
Interest income, net	(3)	(126)
	(64)	214
Net loss for the year	54,450	8,619
Other comprehensive Income		
Unrealized gain on available-for-sale financial assets arising during the year	801	-
Comprehensive loss for the year	53,649	8,619
Net loss per share (basic and diluted)	0.186	0.0365
Weighted average number of common shares outstanding	292,137,709	235,908,368

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders' Equity

For the years ended December 31, 2009 and 2008

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

	2009		2008	
	Number	Amount (\$)	Number	Amount (\$)
Share Capital				
Authorized: Unlimited common shares				
Issued: common shares				
Balance, beginning of year	272,279,901	102,655	214,513,234	88,760
Shares issued on financing (note 5)	25,000,000	1,296	56,666,667	12,714
Exercise of warrants (note 5)	10,700,000	1,423	-	-
Exercise of stock options	-	-	1,100,000	797
Stock based compensation expense	-	-	-	384
Balance, end of year	307,979,901	105,374	272,279,901	102,655
Warrants				
Balance, beginning of year	41,666,667	2,364	-	-
Warrants issued on financing (note 5)	25,000,000	730	41,666,667	2,364
Warrants exercised (note 5)	(10,700,000)	(313)	-	-
Balance, end of year	55,966,667	2,781	41,666,667	2,364
Contributed Surplus				
Balance, beginning of year		5,382		4,466
Stock-based compensation expense (note 5)		334		1,300
Exercise of stock options		-		(384)
Exercise of warrants (note 5)		313		-
Balance, end of year		6,029		5,382
Deficit				
Balance, beginning of year		(25,829)		(17,210)
Net loss for the year		(54,450)		(8,619)
Balance, end of year		(80,279)		(25,829)
Accumulated Other Comprehensive Income				
Balance, beginning of year		-		-
Unrealized gains on available-for-sale financial assets arising during the year (Note 9)		801		-
Balance, end of year		801		-
Shareholders' equity, end of year		34,706		84,572

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2009 and 2008
(Expressed in thousands of United States dollars)

	2009	2008
Operating activities		
Net loss for the year	(54,450)	(8,619)
Impairment charges (Note 4)	51,973	3,873
Stock-based compensation expense	334	1,300
Unrealized gain on foreign exchange	(4)	(16)
Net Change in non-cash working capital balances	(74)	(2,091)
Amortization of other assets	77	-
Net cash outflow from operating activities	(2,144)	(5,553)
Investing activities		
Exploration and development costs (Note 4)	(3,439)	(19,384)
Other assets	-	(81)
Net cash outflow from investing activities	(3,439)	(19,465)
Financing activities		
Issuance of units (Note 5)	2,043	15,970
Exercise of warrants (Note 5)	1,423	-
Cost of units issuance	(17)	(95)
Loan proceeds (Note 6)	476	-
Net cash inflow from financing activities	3,925	15,875
Effect of foreign exchange on cash and cash equivalents	4	16
Change in cash and cash equivalents during the year	(1,654)	(9,127)
Cash and cash equivalents, beginning of year	1,994	11,121
Cash and cash equivalents, end of year	340	1,994
Supplemental cash flow information		
Interest	-	-
Income taxes recovered	-	(85)

See accompanying notes to the consolidated financial statements.

AXMIN Inc.

Notes to the Consolidated Financial Statements

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

1. Nature of operations and going concern

AXMIN Inc. ("AXMIN", 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") 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 subsidiary, Aurafrique S.A.R.L. ("Aurafrique"), which holds prospecting and exploration permits for the property.

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.

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, 2009, the Company has a working capital deficit of \$351, 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. In the foreseeable future, the Company will likely remain dependent on the issuance of shares, the sale of assets 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 or the sale of assets to allow the Company to continue future exploration and development activities. However, there can be no assurance that it will be successful.

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. 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 balance sheet classifications, which could be material, would be necessary.

2. New accounting standards

Goodwill and Intangible Assets (Section 3064)

The CICA issued accounting Section 3064 "*Goodwill and Intangible Assets*" which replaces Section 3062 "*Goodwill and Other Intangible Assets*", Section 3450 "*Research and Development*" and EIC 27 "*Revenues and Expenditures during the Pre-operating period*". The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this policy has had no material impact on the Company's consolidated financial statements.

Mining Exploration Costs (EIC 174)

The Emerging Issues Committee of the CICA approved abstract EIC 174 "*Mining Exploration Costs*", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract and its impact is reflected on the consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC Abstract 173)

In January 2009, the CICA issued EIC Abstract 173, "*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. This abstract applies to interim and annual consolidated financial statements relating to fiscal years

AXMIN Inc.

Notes to the Consolidated Financial Statements

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

beginning on or after January 20, 2009. The adoption of this new accounting policy did not have a material impact on Company's consolidated financial statements.

Financial Instruments – Disclosures (Section 3862)

In June 2009, the Canadian Accounting Standards Board ("AcSB") amended CICA Section 3862, *Financial Instruments – Disclosures*, to enhance disclosure requirements for fair value measurement of financial instruments and liquidity risks. The amendments require additional disclosure for fair value measurements including the fair value hierarchy into which the fair value measurements are categorized in their entirety. Disclosures must be made for any significant transfers between the level of the fair value hierarchy and the reasons for those transfers. The standard now requires

reconciliation of the beginning balances to the ending balances for those fair value measurements that result from the use of significant unobservable inputs in valuation techniques, disclosing separately changes during the period. It also requires disclosures of the risk related to financial liabilities that are settled by delivering cash or other financial assets and a maturity analysis disclosure for derivative financial liabilities based on how an entity manages liquidity risk. The amendments to Section 3862 apply for interim and annual financial statements relating to fiscal years ending on or after September 30, 2009. The Company adopted this amended standard in 2009 and the additional disclosures required have been made in Note 12 of the consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

Business Combinations (Section 1582), Consolidated Financial Statements (Section 1601) and Non-controlling Interests (Section 1602)

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. These sections provide the Canadian equivalent to FASB, (Financial Accounting Standards Board) Statements No. 141 (R) *Business Combinations* and No. 160 *Non-controlling interests in Consolidated Financial Statements*. CICA 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. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has announced its decision to replace Canadian GAAP with IFRS for all Canadian Publicly Accountable Enterprises ("PAEs"). The effective changeover date is January 1, 2011, at which time IFRS will take effect. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011. 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.

The Company continues to assess the impact of the transition to IFRS on its consolidated financial statements. A diagnostic assessment of the Company's current accounting policies, systems and processes to identify the differences between Canadian GAAP and IFRS is in progress and the impact on the Company's consolidated financial position and results of operations has not yet been determined. The Company intends to update the critical accounting policies and procedures to incorporate the changes required by the conversion to IFRS and the impact of these changes on its financial disclosures. The expected impact would be in the areas of mineral properties, impairment charges, stock-based compensation, taxes and first time adoption.

AXMIN Inc.

Notes to the Consolidated Financial Statements

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

3. Basis of presentation and significant accounting policies

Assessing Going Concern (Section 1400)

Section 1400 has been amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The standard is effective for interim and annual financial statements for years beginning on/after January 1, 2008. The resulting disclosures from implementation are presented in Note 1.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with Canadian GAAP. All amounts are in 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 United States Dollar. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at year-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 United States dollars using the temporal method. Under this method, monetary assets and liabilities denominated in foreign currencies are translated at year-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].

AXMIN Inc.**Notes to the Consolidated Financial Statements**

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

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.

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.

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 not considered more likely than not 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 \$340 as at December 31, 2009 (2008 – US\$1,994) which earned a weighted average interest rate of 0.2% (2008 – 0.3%).

AXMIN Inc.**Notes to the Consolidated Financial Statements**

December 31, 2009 and 2008

*(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)***4. Exploration and development costs**

	Bambari (CAR)	Kofi (Mali)	Nimini (Sierra Leone)	Others	Total
Balance as at December 31, 2007	50,240	9,806	6,182	1,466	67,694
Exploration costs	12,302	3,216	2,842	1,024	19,384
Impairment Charges	-	(2,500)	-	(1,373)	(3,873)
Balance as at December 31, 2008	62,542	10,522	9,024	1,117	83,205
Exploration costs	2,101	723	586	29	3,439
Impairment Charges	(40,873)	(6,800)	(4,300)	-	(51,973)
Balance – December 31, 2009	23,770	4,445	5,310	1,146	34,671

Reductions in the carrying value of the exploration and development costs are recorded as impairments to the extent the carrying value of the related assets exceeds their fair value. 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.

Central African Republic ("CAR")

AXMIN holds a 100% interest in the Bakala, Bambari, Bogoin II and Pouloubou properties through its two wholly owned CAR registered subsidiaries, which hold prospecting and exploration permits for the properties. Of these project areas, the Bambari property has been the subject of substantial exploration by AXMIN since the discovery of the Passendro Gold Project. The Passendro Gold Project is situated on a portion of the Bambari property and is contained within the Bambari permits. On September 11, 2009, AXMIN expressed to the government of CAR its intent to not renew the Bakala, Bogoin II and Pouloubou permits. The decision was due partly to the availability of cash and also, that these properties would fall under the governance of the new mining code in CAR. The carrying value of the Bakala property in the amount of US\$372 was written off as of September 30, 2009.

The Bambari 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. Commencing 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 Cdn\$500, payable in cash or shares, for each 0.5% royalty interest during the initial five years of production from the Bambari property.

In January 2006, the Company signed a Mining Convention with the State of the CAR (the "State") covering exploration, development and mining activities on the Company's Bambari permit. The Mining Convention is valid for a period of 25 years from the date of signing, extendable by mutual consent. The key terms include:

- (a) 2.25% royalty on the proceeds from the sale of gold;
- (b) 10% free carried interest for the State with an option to acquire an additional participating interest of 10% at market value;
- (c) exemption from:
 - (i) taxes (including value added tax ("VAT")) and duties on fuel used in the mining operations;
 - (ii) VAT on imported capital equipment, consumables and any mining contract; and
 - (iii) duties on imported capital equipment and consumables during the development phase and for a period of five years thereafter;
- (d) exoneration from withholding tax on dividends, capital repayments and interest; and
- (e) a five year tax holiday from the date of first commercial production, following which the corporate tax rate will be 30%.

The Company currently has valid exploration permits for Bambari I and II (includes the Passendro project) which will expire on June 29, 2010.

AXMIN Inc.

Notes to the Consolidated Financial Statements

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

During 2008 and 2009, the following events occurred in respect to the Bambari permits and the Passendro project;

- a. On March 17, 2009, the Company announced a new Study on the Passendro Gold project. This Study demonstrated a smaller project with lower capital expenditures and lower production, but with a similar rate of return compared to the Bankable Feasibility Study of April 2008.
- b. On November 6, 2008, The Company announced it had received the "Certificat de conformité" ("ESIA") from the Ministry of Water, Forests, Fishing and Hunting responsible for the Environment for Passendro.
- c. On August 29, 2008, The Company was informed of an Amending Decree which amended the mineral rights of its Bambari permits from gold, silver, copper, nickel, lead, zinc and iron to gold only.
- d. On May 6, 2008, the Company announced that the government of CAR had indicated its desire to review some of the conditions of the Mining convention that was previously agreed upon and signed on January 27, 2006.
- e. On April 2, 2008, the Company reported the results of its Bankable Feasibility Study for Passendro.

At December 31, 2008, due to the decline in the business climate, the limitations of raising capital in the markets and the uncertainty of the recoverability of exploration and development costs associated with the Bogoin II, Pouloubou and other ancillary properties, \$1.0 million of these costs were written down. These projects are not directly related to the Passendro project and retain their own individual licences that are currently in good standing. The ability of the Company to raise capital in the near future will in all likelihood, dictate the decision to pursue these properties. In early 2009, the Sosso Polipo permit was not renewed and the carrying value associated with the property was nil at December 31, 2008.

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. The ability of the Company to successfully raise capital or source funds in the near future combined with its continued efforts to obtain the mining permit for Passendro will largely dictate the Company's decision to pursue this property. The Company continues to seek to obtain the required permits, mining license and state approvals for the Passendro project.

During 2009, AXMIN conducted a restricted exploration program on the Bambari property. 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 kilometres of strike.

Mali

The Kofi North, Netekoto-Kenieti, Walia West, Walia and Kenieti-Dianisse permits are collectively referred to as the "Kofi Gold Project".

AXMIN holds directly and indirectly:

- (a) an 83.62% interest in the Kofi North permits (prior to the 10% free carried interest of the government of Mali) from joint venture partners African Goldfields Corporation ("AGC"), a subsidiary of African Selection Mining Corporation ("ASMC") and Société Financière et d'Exploration de l'Or au Mali ("SOFOM");
- (b) an 89.88% interest in the Netekoto-Kenieti permits (prior to the 10% free carried interest of the government of Mali) from joint venture partner AGC;
- (c) a 94.44% interest in the Walia West permits (prior to the 10% free carried interest of the government of Mali) from joint venture partner SOFOM;
- (d) a 94.44% interest in the Walia permits (prior to the 10% free carried interest of the government of Mali) from joint venture partner l'Agence Générale de Contact et de Relations Internationales ("AGCRI"); and
- (e) a 94.44% interest in the Kenieti-Dianisse permit (prior to the 10% free carried interest of the government of Mali) from joint venture partner Dianisse SARL ("Dianisse").

In the case of the Kofi North, Netekoto-Kenieti and Walia West permits, AXMIN may increase its 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 independently evaluated net present value of the proven and probable reserves using a discount rate of 15%. In the case of the Walia and Kenieti-Dianisse permits AXMIN may increase its level of interest to 100% (prior to government dilution) by buying out the interest of AGCRI and Dianisse on submission of a BFS for US\$2 per pro rata ounce of proven and probable gold reserves.

AXMIN Inc.

Notes to the Consolidated Financial Statements

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

At December 31, 2008, as part of its ongoing assessment of evaluating the carrying value of its mineral properties, the Company assessed an impairment charge of US\$2.5 million on the Mali asset. Since no scoping study has been completed at this time, the fair value methods used to determine the valuation included: cost per oz compared to peers and recent acquisitions in the junior mining industry.

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 US\$6.8 million on the Malian assets. The ability of the Company to successfully raise capital or source funds in the near future will in all likelihood, dictate the decision to pursue this property.

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 ("AFCAN"), a subsidiary of Eldorado Gold Corporation, by expenditure of US\$2.3 million over a three-year period. Thereafter, 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 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.

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 US\$4.3 million in order to reflect the fair value of the project. The ability of the Company to successfully raise capital or source funds in the near future will in all likelihood, dictate the decision to pursue this property. The Company remains optimistic on exploration potential in Sierra Leone.

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. The carrying value of this property is \$nil as of December 31, 2009.

Senegal

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 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 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 US\$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.

The Company had previously entered into a joint venture with Harmony Gold Mining Company Limited ("Harmony"). As of November 30, 2007, Harmony had spent US\$1.5 million and due to a change in exploration strategy, decided to terminate the project. Pursuant to the joint venture agreement, Harmony did not retain any interest in the permit and all permit rights were returned to the Company. Due to the uncertainty of the recoverability of exploration and development costs, US\$354 was written off in 2008. Subsequent expenditures of US\$212 associated with MDL's joint venture agreement have been capitalized.

Ghana

During the year ended December 31, 2007, the Company entered into an agreement with Ausgold Ghana Limited ("Ausgold") whereby the Company agreed to transfer its entire interest and rights under the agreement with Consolidated Minerals Limited ("Consmin") to Ausgold in exchange for payment, by January 31, 2008, of US\$550 upon the closing of an initial public offering ("IPO") of the ordinary shares of Noble Mineral Resources Limited ("Noble"), a company to which Ausgold intended to vest its entire interest in the Cape Three Points property upon the closing of an IPO of the ordinary shares of Noble. Furthermore AXMIN agreed for such payment to be made by the issuance of marketable fully paid ordinary shares of Noble, subject to any regulatory requirements. Subsequent to December 31, 2007 such payment date was extended, by mutual consent, to June 30, 2008.

AXMIN Inc.

Notes to the Consolidated Financial Statements

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

Effective June 27, 2008, AXMIN transferred its entire interest in the Cape Three Points property to Noble for proceeds of 3,000,000 common shares, representing 2.17% of the total issued common shares of Noble. In addition, 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. This transaction was part of Noble's IPO on the Australian Securities Exchange ("ASX") which was priced at A\$0.20 per common share and shares started trading on June 27, 2008. In accordance with the regulations of the ASX the common shares of Noble held by AXMIN are subject to a 24-month escrow period commencing on June 27, 2008. A gain of US\$575 was recognized on receipt of the shares. Subsequently, these shares were written down to reflect the estimated realizable value of \$nil as of December 31, 2008.

As at December 31, 2009, the common shares of Noble were trading at A\$0.30 per common share resulting in an unrealized gain of A\$900 and US\$801 as shown in the consolidated statements of comprehensive loss.

5. Share capital

On November 23, 2009, the Company's major shareholder AOG Holdings BV ("AOG") exercised 2,300,000 common share purchase warrants at a price of C\$0.14 per share for a total consideration of C\$322 (US\$300). The aggregate increase in the share capital as a result of this transaction was 2,300,000 common shares. The fair value of the warrants exercised, C\$82 (US\$67) was reclassified from warrants to contributed surplus in the shareholders' equity section.

On October 15, 2009, the Company's major shareholder, AOG, exercised 4,000,000 common share purchase warrants at a price of C\$0.14 per share for a total consideration of C\$560 (US\$544). The aggregate increase in the share capital as a result of this transaction was 4,000,000 common shares. The fair value of the warrants exercised, C\$143 (US\$117) was reclassified from warrants to contributed surplus in the shareholders' equity section.

On September 16, 2009, the Company's major shareholder, AOG, exercised 4,400,000 common share purchase warrants at a price of C\$0.14 per share for a total consideration of C\$616 (US\$578). The aggregate increase in the share capital as a result of this transaction was 4,400,000 common shares. The fair value of the warrants exercised, C\$157 (US\$129) was reclassified from warrants to contributed surplus in the shareholders' equity section.

Following the exercise of the above described warrants, the Company's major shareholder, AOG, held 153,825,326 (2008: 121,674,904) common shares and 48,366,667 (2008: 34,066,667) common share purchase warrants, representing approximately 49.95% (2008 - 44.70%) of AXMIN's issued and outstanding common shares on a non-dilutive basis.

On April 21, 2009, the Company had closed a non-brokered private placement with its major 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 (US\$2.0 million). Each Unit consists 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 (US\$1.3 million) and 25,000,000 warrants at a fair value of C\$900 (US\$730). Unit issuance costs amounted to C\$21 (US\$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
Expected volatility	95%
Dividends per share	0.0%

During the year ended December 31, 2008, the Company closed:

- a) A non-brokered private placement in June 2008 totalling 30,000,000 Units at a price of C\$0.40 per Unit, for total gross proceeds of C\$12.0 million (US\$11.8 million). Each Unit consists of one common share plus one-half of 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\$0.57 expiring 24 months after the date of closing of each tranche. The aggregate increase in the share capital as a result of this transaction was 30,000,000 common shares at a fair value of C\$10.4 million (US\$10.3 million) and 15,000,000 warrants at a fair value of C\$1.6 million (US\$1.5 million). Unit issuance costs amounted to C\$100 (US\$95).

AXMIN Inc.**Notes to the Consolidated Financial Statements**

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

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 a Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.1%
Expected life in years	2 years
Expected volatility	63.8%
Dividends per share	0.0%

- b) A non-brokered private placement in November 2008 of up to 26,666,667 Units in the Company at a price of C\$0.15 per Unit, for total gross proceeds of C\$4.0 million (US\$3.2 million). Each Unit consists of one common share plus one common share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of C\$0.20 for a period of twenty four months following the close of the placement. The aggregate increase in the share capital as a result of this transaction was 26,666,667 common shares at a fair value of C\$3.0 million (US\$2.4 million) and 26,666,667 warrants at a fair value of C\$1.0 million (US\$800).

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 pricing model with the following assumptions:

Risk free interest rate	1.9%
Expected life in years	2 years
Expected volatility	96.3%
Dividends per share	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. The majority of options granted vest over 2 years and expire 5 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 ungranted options.

As at December 31, 2009, 25.3 million (2008 - 19.2 million) options are available for issuance under the Plan.

As at December 31 2009, common share stock options held by directors, officers and employees are as follows:

Range of exercise prices (C\$)	Outstanding			Exercisable	
	Number of options	Weighted average exercise price (C\$)	Weighted average remaining contractual life in years	Number of options	Weighted average exercise price (C\$)
0.05 to 0.10	500,000	0.10	4.38	250,000	0.10
0.15 to 0.30	850,000	0.15	3.77	637,500	0.15
0.31 to 0.70	400,000	0.49	2.52	400,000	0.49
0.71 to 1.00	3,755,000	0.86	2.54	3,755,000	0.86
	5,505,000	0.65	2.89	5,042,500	0.70

AXMIN Inc.**Notes to the Consolidated Financial Statements**

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

	Number of options	Weighted Average Exercise Price (C\$)
Balance as at December 31, 2007	11,392,500	0.86
Options granted	1,150,000	0.22
Options expired	(3,447,500)	0.87
Options exercised	(1,100,000)	0.72
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

The Company granted 500,000 options during the year ended December 31, 2009 and used the Black-Scholes option pricing model to estimate the fair value of the options granted during the year ended December 31, 2009 and year ended December, 31 2008 using the following assumptions:

	2009	2008
Assumptions:		
Weighted average risk free interest rate	2.16%	2.86%
Annualized volatility	98.8%	81.3%
Weighted average expected life	5 years	5 years
Expected dividend yield	0.0%	0.0%

6. Related Parties

During the year ended December 2009 and 2008, the Company received:

- a) \$196 (2008 - \$192) in legal services provided by a partnership related to a director of the Company. At December 31, 2009, \$160 (2008 - \$29) was due to this partnership.
- b) \$46 (2008 - \$57) in management services from the Addax and Oryx Group Limited, a company related to the Chairman of the Company. At December 31, 2009, \$104 (2008 - \$57) was due to this company.
- c) Shareholder Loan;

On December 21, 2009, the Company's major shareholder, AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited, provided the Company with a loan of C\$500, (US\$476). The loan bears interest at 9% per annum. The principal and accrued interest is due on the earliest of the following:

- i) The effective maturity date, December 21, 2011.
- 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, 2009 includes principal and accrued interest of US\$1.

AXMIN Inc.**Notes to the Consolidated Financial Statements**

December 31, 2009 and 2008

*(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)***7. Income taxes**

Significant items causing the Company's effective tax rate to differ from the combined Canadian federal and provincial statutory tax rate of approximately 33.0% (2008 – 33.5%) are as follows:

	2009	2008
Net loss for the year before income tax	(54,450)	(8,619)
Statutory tax rate	33.0%	33.5%
Expected tax recovery	(17,968)	(2,887)
Foreign tax rate difference	983	531
Foreign exchange	(604)	1,359
Stock option expense	95	436
Share issue costs	(5)	(32)
Expiry of losses	190	44
Reduction in future income tax rate	1,029	(63)
Other	59	29
Change in valuation allowance	16,221	583
	-	-

Future income tax balances

The tax effect of temporary differences that give rise to future income tax assets approximate the following:

Future income taxes	2009	2008
Non capital losses	1,892	1,611
Exploration and development costs	20,127	3,774
Share issue costs and other	139	282
Unrealized foreign exchange losses	1,948	2,218
Subtotal:	24,106	7,885
Less: valuation allowance	(24,106)	(7,885)
Net future income tax asset	-	-

The principal reason for the increase in the future income tax assets is the recording of impairment charge for exploration and development costs in the amount of US\$52 million in 2009 compared to US\$3.9 million in 2008.

The Company has non capital loss carryforwards in Canada of approximately US\$7,570 for which have not been tax-benefited on the basis the Company does not expect to generate taxable income in the foreseeable future. The tax losses may be used to reduce taxable income in future years and expire as follows:

Non capital loss carryforwards	2009	2008
2009	-	494
2010	580	500
2014	555	479
2015	1,045	901
2026	1,307	1,128
2027	506	437
2028	1,705	1,617
2029	1,872	-
	7,570	5,556

AXMIN Inc.**Notes to the Consolidated Financial Statements**

December 31, 2009 and 2008

*(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)***8. Commitments and contingencies**

The following is a summary of rental lease commitments for various periods due for the next 5 years and thereafter. The annual rent payments consist of minimum rent plus realty taxes, maintenance and utilities.

	December 31, 2009	December 31, 2008
Less than 1 year	104	100
1 - 3 years	293	196
4 - 5 years	-	171
Total	397	467

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 where estimable. However, there can be no assurance that the Company will not incur additional expenses.

9. Accumulated other comprehensive income

As at December 31, 2009, accumulated other comprehensive income was comprised of the unrealized gain on marketable securities of US\$801, (2008 – Nil).

	December 31, 2009	December 31, 2008
Balance, beginning of year	-	-
Changes in unrealized gains on available-for-sale financial assets arising during the year	801	-
Balance, end of year	801	-

10. Segmented information

The Company operates in one industry segment: mineral exploration and development. The Company conducts its exploration activities in CAR, Sierra Leone, Mali and Senegal. Note 4 to the consolidated financial statements sets out details of capitalized exploration and development by country.

11. Capital management

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

12. 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.

AXMIN Inc.

Notes to the Consolidated Financial Statements

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

(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 at December 31, 2009, the Company had cash and cash equivalents of \$340 (2008 - \$2.0 million). Except for the shareholder loan, substantially all of the Company's financial liabilities mature within 6 months.

(c) Market risk

(i) Foreign currency risk

The functional currency of the Company is the United States dollar. The Company's operations expose it to significant fluctuations in foreign exchange rates. The Company's main source of funds are denominated in the Canadian dollar and the Company has monetary assets and liabilities denominated in the Canadian dollar, 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 global financial crisis has led to dramatic volatility in the foreign currency markets. As the Company maintains certain of its cash and cash equivalents in the Canadian dollar 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, 2009 was 1.051 Canadian dollars to 1 US dollar. Based on the balances at December 31, 2009, income will increase or decrease by US\$18 given a 5% increase or decrease, respectively, in the US dollar to Canadian dollar exchange rate.

(ii) Interest rate risk

The Company has no interest-bearing short-term investments. The shareholder loan bears interest at fixed rate, and so it is not subject to interest rate risk fluctuation.

(iii) Market price risk

The Company holds marketable securities, (common shares of Noble) that are publicly traded on the Australian Securities Exchange. The fair value of such financial equity instrument is affected by changes in the market price. As at December 31, 2009, investment in Noble common shares resulted in an unrealized gain of US\$801.

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).

AXMIN Inc.**Notes to the Consolidated Financial Statements**

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

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	340	340	-	-
Marketable securities	801	801	-	-
Accounts receivable	68	-	68	-
	1,209	1,141	68	-
Financial Liabilities:				
Accounts payable and accrued liabilities	542	-	542	-
Amounts due to related parties	264	-	264	-
Shareholder loan	477	-	477	-
	1,283	-	1,283	-

13. Subsequent Events

- (a) On April 14, 2010, AXMIN and AfNat Resources Limited ("AfNat") entered into a definitive agreement for a proposed acquisition whereby AXMIN is to acquire all of the outstanding securities of AfNat (the "Transaction"). In consideration for the acquisition by AXMIN of the issued and outstanding securities of AfNat under the Transaction, AXMIN would issue an aggregate of approximately 206,328,666 common shares of AXMIN and an aggregate of approximately 14,961,941 share purchase warrants to acquire common shares of AXMIN to former holders of common shares of AfNat and to former holders of convertible securities of AfNat, respectively.

It is anticipated that after given effect to such issuances, former securityholders of AfNat will hold in the aggregate approximately 40% of the issued and outstanding shares of AXMIN (or approximately 37% on a fully-diluted basis).

The Transaction is expected to be completed by way of a scheme of arrangement under the laws of Bermuda and will be subject to a number of conditions including the approval of the TSX Venture Exchange, regulatory approvals and the sanctioning of the scheme by the Supreme Court of Bermuda.

Assuming the receipt of all required shareholder, court and regulatory approvals and assuming satisfaction of all conditions to the Transaction it is anticipated that the Transaction will close during the second quarter of 2010. There can be no assurance that the Transaction or any other transaction will be completed by such date or at all.

- (b) On March 31, 2010 AXMIN announced the execution of a definitive agreement regarding the sale of its Kofi Gold Project and other ancillary permits in Mali to Avion Gold Corporation ("Avion") (AVR-TSX Venture) for proceeds of up to C\$500,000 cash and up to 4,500,000 common shares of Avion. The transaction is expected to close no later than September 30, 2010 at which time AXMIN will receive the proceeds of sale.
- (c) 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 US\$500,000 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.
- (d) On February 10, 2010, the Company's major shareholder, AOG, a wholly owned subsidiary of the Addax and Oryx Group Limited, provided the Company with a second loan of C\$500, (US\$472).

AXMIN Inc.**Notes to the Consolidated Financial Statements**

December 31, 2009 and 2008

(All tabular amounts expressed in thousands of United States dollars, unless otherwise stated)

On March 15, 2010, the Company's major shareholder, AOG, a wholly owned subsidiary of the Addax and Oryx Group Limited, provided the Company with a third loan of C\$600, (US\$588).

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

14. Reclassification of Comparative Figures

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



Corporate Information



Officers

Jean Claude Gandur⁴
Chairman

Mario Caron^{4,5}
President & CEO

Alex Dann⁴
VP Finance & CFO

Francois Auclair⁴
VP Exploration

Shirley Kozel
Corporate Secretary

Directors

Mario Caron^{4,5}

Jean Claude Gandur⁴

Robert Jackson^{1,2,3,5}

Francois Jaclot^{1,2}

Robert Shirriff^{2,3,4}

Anthony Walsh^{1,3,5}

Senior Management

Charles Caron Brown
General Manager, CAR

Judith Webster⁴
Manager, Investor Relations

1 – Audit Committee

2 – Compensation Committee

3 – Corporate Governance Committee

4 – Disclosure Committee

5 – Health, Safety & Environment Committee

Registered Office

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M5K 1N6

Auditors

Ernst & Young LLP
Toronto, Ontario, Canada

Legal Counsel

Fasken Martineau DuMoulin LLP
Toronto, Ontario, Canada

Principal Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands

Stock Listing

TSX Venture Exchange
Symbol: AXM

Common Shares Outstanding

(As at December 31, 2009)
307,979,901

Investor Inquiries

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Annual and Special Meeting

The Annual and Special Meeting of Shareholders will be held at 10:00 am (ET) on Tuesday, June 29, 2010 at the Company's registered office – Calvin Room.