AXMIN Inc.

Interim Condensed Consolidated Financial Statements
Nine Months ended September 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

Notice of No Review of Condensed Interim Financial Statements

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

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

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

Interim Condensed Consolidated Statements of Financial Position

(Expressed in United States dollars)
(Unaudited)

	As at September 30, 2020	As at December 31, 2019
Assets	**$**	$
Current assets		
Cash and cash equivalents	**733,704**	1,281,755
Receivables *(note 5)*	**5,718**	5,515
Prepaid expenses	**3,744**	15,182
	743,166	1,302,452
Long term assets		
Deposits *(note 8)*	**6,438**	6,160
Right- of-use assets *(note 8)*	**199,382**	216,802
Equipment *(note 7)*	**39,688**	45,737
Total Assets	**988,674**	1,571,151
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**232,910**	232,528
Amounts due to related parties *(note 10)*	**207,814**	266,724
Lease liability *(note 8)*	**8,910**	41,848
	449,634	541,100
Lease liability *(note 8)*	**87,762**	90,490
Total Liabilities	**537,396**	631,590
Shareholders' Equity *(note 9)*		
Share capital	**140,193,426**	140,098,443
Warrants reserve	**7,868,733**	7,868,733
Stock options reserve	**9,955,229**	9,920,935
Deficit	**(159,266,648)**	(158,679,471)
Accumulated other comprehensive income	**1,700,538**	1,730,921
Total Shareholders' Equity	**451,278**	939,561
Total Liabilities and Shareholders' Equity	**988,674**	1,571,151

(Nature of operations and going concern – Note 1)
(Commitments and contingencies – Note 6 and 11)
(Subsequent events – Note 15)

See accompanying notes to the interim condensed consolidated financial statements

On Behalf of the Board of Directors

"Lucy Yan"

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Lucy Yan, CEO, CFO and Director

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

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

	Three month period ended September 30,		Nine month period ended September 30,	
	2020	2019	**2020**	2019
Revenue				
Royalty income *(note 6)*	**-**	-	**-**	563,028
	-	-	**-**	563,028
Expenses				
Consulting fees	**31,082**	25,198	**83,093**	78,531
Depreciation of right-of-use assets *(note 8)*	**9,036**	-	**26,071**	-
Depreciation of plant and equipment *(note 7)*	**2,703**	4,820	**8,110**	7,509
Director fees	**18,769**	18,936	**55,396**	56,429
General admin expenses	**4,263**	4,506	**13,381**	13,339
IR expenses	**11,161**	5,905	**24,162**	26,622
Lease liability accretion expense *(note 8)*	**3,599**	-	**10,583**	-
Professional fees	**1,186**	798	**49,336**	26,751
Project costs	**52,779**	25,520	**181,047**	64,791
Rental expenses	**6,700**	6,708	**19,776**	20,057
Salaries and wages	**25,946**	29,493	**79,718**	88,608
Share-based compensation (*note 9 and 10*)	**35,274**	689,955	**34,294**	695,544
Travel expenses	**44**	5,167	**5,398**	16,277
	202,542	817,006	**587,365**	1,094,458
(Loss) Income from continuing operations	**(202,542)**	(817,006)	**(587,365)**	(531,430)
Other income (expenses)				
Foreign exchange gain (loss)	**37,369**	24,449	**(1,279)**	(24,442)
Interest income	**(352)**	2,334	**1,467**	6,618
	37,017	26,783	**188**	(17,824)
Net (Loss) income	**(165,525)**	(790,223)	**(587,177)**	(549,254)
Other comprehensive income (loss)				
Foreign currency translation	**18,206**	(20,061)	**(30,383)**	19,233
Other comprehensive income (loss)	**18,206**	(20,061)	**(30,383)**	19,233
Total Comprehensive (loss) Income	**(146,805)**	(810,284)	**(617,560)**	(531,021)
Net income per common share (basic and diluted)	**(0.001)**	(0.006)	**(0.004)**	(0.004)
Basic and diluted income per common share	**(0.001)**	(0.006)	**(0.004)**	(0.004)
Weighted average number of common shares outstanding	**138,676,844**	134,237,381	**138,200,746**	134,237,381

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in United States Dollars)
(Unaudited)

For the Nine months period ended September 30,	**2020**		2019	
	Number	**Amount ($)**	Number	Amount ($)
Share Capital				
Authorized: Unlimited common shares				
Issued: Common shares				
Balance, beginning of year	**134,612,381**	**140,098,443**	134,237,381	140,088,634
Shares issued during the year *(note 9)*	**3,487,500**	**94,983**	-	-
Balance, end of year	**136,562,381**	**140,193,426**	134,612,381	140,098,443
Warrants Reserve				
Balance, beginning and end of year		**7,868,733**		7,868,733
Stock Options Reserve				
Balance, beginning of year		**9,920,935**		8,974,207
Share-based compensation *(note 9)*		**34,294**		695,544
Balance, end of year		**9,955,229**		9,669,751
Deficit				
Balance, beginning of year		**(158,679,471)**		(157,669,225)
Net (loss) income for the year		**(587,177)**		(549,254)
Balance, end of year		**(159,266,648)**		(158,218,479)
Accumulated other comprehensive income, net of tax				
Balance, beginning of year		**1,730,921**		1,673,474
Other comprehensive income		**(30,383)**		19,233
Balance, end of year		**1,700,538**		1,692,707
Shareholders' Equity, end of year		**451,278**		1,101,346

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(Expressed in United States Dollars)
(Unaudited)

For the Nine months period ended September 30,	**2020**	2019
	$	$
Operating Activities		
Net (loss) income	**(587,177)**	(549,254)
Depreciation of right-of-use assets (note 8)	**26,071**	-
Depreciation of equipment (note 7)	**8,110**	7,509
Lease liability accretion expense (note 8)	**10,583**	-
Foreign exchange (gain)/loss	**(42,931)**	26,551
Share-based compensation (note 9)	**34,294**	695,544
	(551,050)	172,841
Changes in non-cash working capital		
Receivables	**(203)**	266,933
Prepaid expenses	**10,944**	(40,949)
Accounts payable and accrued liabilities	**(4,726)**	(43,364)
Amounts due to related parties	**(51,577)**	48,919
Net cash (outflow) from operating activities	**(596,612)**	411,889
Investing Activities		
Purchase of property, plant and equipment	**-**	(76,601)
Net cash (outflow) from investing activities	**-**	(76,601)
Financing Activities		
Proceeds from share issuance	**92,787**	-
Lease payments on principal portion (note 8)	**(39,917)**	-
Lease payments on interest portion (note 8)	**(10,583)**	-
Net cash inflow (outflow) from financing activities	**42,287**	-
Effect of exchange rate changes	**6,274**	1,590
Change in cash and cash equivalent during the year	**(548,051)**	336,878
Cash and cash equivalent, beginning of year	**1,281,755**	1,059,425
Cash and cash equivalent, end of year	**733,704**	1,396,303

See accompanying notes to the interim condensed consolidated financial statements.

1. Nature of operations and going concern

AXMIN Inc. ("AXMIN" or the "Company") is incorporated under the Canada Business Company Act and is an international mineral exploration company with an exploration portfolio in central and West Africa. A major portion of the Company's exploration and development costs relate to its Passendro gold project (the "Project" or "Passendro") situated on a portion of the Bambari property in the Central African Republic ("CAR"). The Company holds its interest in this property through its wholly owned CAR registered subsidiaries, Aurafrique SARL ("Aurafrique"), which holds prospecting and exploration permits for the property, and SOMIO Toungou SA, which holds the mining permit for the Passendro project. The corporate office is located in Vancouver at 1111 Alberni Street, Suite 2209, Vancouver, BC, V6E 4V2, Canada.

The Company is in the development stage. Aside from the properties that comprise of the Passendro project, it has not yet determined whether other properties in its exploration portfolio contain resources that are economically recoverable. The recoverability of the amounts shown for mineral properties costs is dependent upon the ability of the Company to secure adequate financing to meet the capital required to successfully complete the exploration and development of the project, the political risk relating to obtaining all necessary permits and maintaining the licences in good standing, the future profitable production or proceeds from the disposition of such properties and its ability to continue as a going concern. In addition, the Company's properties may be subject to sovereign risk, including political and economic uncertainty, changes in existing government regulations to mining which may not uphold the Company's 25-year Mining Permit and the associated contractual agreements, as well as currency fluctuations and local inflation. These risks may adversely affect the investment in the properties and may result in the impairment or loss of all or part of the Company's investment. The Company determined the Passendro project is impaired in its entirety in 2013.

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2020, the Company had working capital of $293,532 (December 31, 2019 - $761,352) and accumulated deficit of $159,266,648 (December 31, 2019 - $158,679,471) and expects to incur further loses in the development of its business. The Company did not have sufficient cash to fund the development of the Passendro Project and its other properties. The Company will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities. As a result, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

In the foreseeable future, the Company will likely remain dependent on the issuance of shares, and the availability of project financing. Management expects that it will be able to fund its immediate cash requirements and will require additional funding to allow the Company to continue future exploration and development activities. However, there can be no assurances that the Company's financing activities will be successful or that sufficient funds can be raised in a timely manner or on terms satisfactory to the Company.

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

2. Basis of preparation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements have been prepared following the same accounting policies as the audited annual consolidated financial statements for the year ended December 31, 2019. They are condensed as they do not include all of the information required for full annual financial statements in accordance with the International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2019.

2. Basis of preparation *(continued)*

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. The Company's accounting policies have been applied consistently in preparing these consolidated financial statements except the adoption of IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments effective from January 1, 2019.

These interim condensed consolidated financial statements of the Company have not been reviewed by an auditor and were authorized for issuance by the Board of Directors on November 27, 2020**.**

3. Summary of significant accounting policies

New accounting standard adopted

IFRS 16 Leases:

On January 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease payments and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease liabilities related to its lease commitments for its office leases. The lease liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate, resulting in no adjustment to the opening balance of deficit. The associated right-of-use assets will be measured at the lease liabilities amount. The Company has implemented the following accounting policies permitted under the new standard:

Lease liability, right of use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and

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

3. Summary of significant accounting policies *(continued)*

New accounting standard adopted *(continued)*

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term. As of the initial adoption date of January 1, 2019, the Company does not have any leases that are required to be recognized as assets and liabilities.

IFRIC 23 Uncertainty over Income Tax Treatments

In June 2017, the IFRS Interpretation Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 Income Taxes are applied where there is uncertainty over income tax treatments. IFRIC 23 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively with early adoption permitted. The adoption of this standard did not have material impact to the Company's consolidated financial statements.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

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

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

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

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

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

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

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

3. Summary of significant accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and highly liquid investments that are readily convertible to known amounts of cash or have maturity dates at the date of purchase of three months or less.

Foreign currency translation

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

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

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

Mineral properties

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

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

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

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

Property, plant and equipment

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

3. Summary of significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

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

Impairment of assets

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

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

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

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

Share based payments

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

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

The fair value of the awards is adjusted by the estimate of the number of awards that are expected to vest as a result of non-market conditions and is recognized over the vesting period using an accelerated method of amortization. At each reporting period date, the Company revises its estimates of the number of options that are expected to vest based on the nonmarket vesting conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

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

3. Summary of significant accounting policies *(continued)*

Warrants

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

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

Earnings (loss) per share

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

Income taxes

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

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

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

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

Financial instruments

The Company applies IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments.

Classification and measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

3. Summary of significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost is recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the Consolidated Statements of Operations and Comprehensive Loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial liabilities

All financial liabilities are initially recognised at fair value plus or minus transactions costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL.

The Company initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are derecognized when their contractual obligations are discharged, cancelled or have expired. Any adjustment to the amortized cost of the financial liability arising from a modification or exchange is recognized in profit or loss at the date of the modification or exchange.

3. Summary of significant accounting policies *(continued)*

Financial instruments *(continued)*

The classification of the Company's financial instruments is as follows:

	Classification
Financial Assets	
Cash and cash equivalents	Amortized cost
Receivables exclude refundable taxes	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Amounts due to related parties	Amortized cost
Lease liability	Amortized cost

Recent accounting pronouncements not yet effective

The following are accounting standards anticipated to be effective January 1, 2020 or later:

<u>Amendments to IAS 1 and IAS 8: Definition of Material</u>

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material are not expected to have a significant impact on the Company's consolidated financial statements.

4. Significant accounting judgments, estimates and assumptions

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

(a) Going concern
The Company has determined it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations, thus it has the ability to continue as a going concern.

(b) Functional currency
The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed.

In determining its functional currency the Company analyzed both the primary and secondary factors, including the currency of the Company's operating costs in both Canada and Africa, and sources of equity financing. The Company has determined the functional currency of the parent is the Canadian dollar and the functional currencies of the wholly owned subsidiaries are US dollars.

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

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

4. *Significant accounting judgments, estimates and assumptions* *(continued)*

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

(a) Deferred income taxes;
(b) Share based compensation valuation assumptions; and
(c) The inputs used in the IFRS 16 lease accounting.

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

(a) Deferred taxes

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

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

(b) Share based compensation valuation assumptions

Note 9 outlines the significant assumptions with respect to share-based payment expense which include an estimate of the volatility of the Company's shares, the expected life of the options, and the number of options expected to vest which are subject to measurement uncertainty.

(c) The inputs used in the IFRS 16 lease accounting

The significant judgments, estimates, and assumptions made by management applied in the preparation of these consolidated financial statements, specifically as they relate to IFRS 16 Leases, primarily included evaluating the appropriate discount rate to use to discount the lease liability for each lease, as well as determining the lease term, when the lease contained an extension option, and assessing if the Company was reasonably certain that it would exercise the extension option. Significant judgments, estimates, and assumptions over both factors would affect the present value of the lease liabilities upon adoption of the new accounting standard, as well as the associated value of the right-of-use assets.

5. Receivables

The Company's receivables arise from goods and services tax and harmonized sales taxes receivable from government taxation authorities as follows:

	September 30, 2020	December 31, 2019
Refundable taxes	5,718	5,515
	5,718	5,515

6. Exploration and evaluation assets

a) *Mineral properties*

Central African Republic
AXMIN holds a 100% interest in the Bambari properties which consist of a 25-year Mining Licence (355 sq km), granted in August 2010 and two Exploration Licences, Bambari 1 and 2 (1,240 sq km), also granted in August 2010. The Bambari properties had been the subject of substantial exploration by AXMIN since the discovery of the Passendro project. The Passendro project is situated in the centre of the Mining Licence which is ring-fenced by the two Bambari Exploration Licences.

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

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

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

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

The period of the Exemption is valid within a duration of one (1) year starting from November 28, 2016 to November 27, 2017. On March 26, 2018, the Minister of Mining and Geology issued an executive order No 031/18/MMG/DIRCAB/DGM to grant SOMIO Toungou an extension period of exemption from the development work and productions of the Passendro gold mine for one (1) year, running from March 22, 2018 to March 21, 2019.

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

As of March 31, 2020, management is unable to determine when the Minister of Mining and Geology will approve the renewal applications submitted for the Exemption Certificates and there is no assurance that the Company will be successful in obtaining the renewal of the Exemption Certificates. Please refer to Note 16 for further updates.

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

AXMIN's operating camp based in close proximity to Ndassima Village which was temporarily occupied on December 21, 2012 by rebels apparently en route to the major town of Bambari. In April 2013, AXMIN has received confirmed reports that all facilities, tools, equipment and vehicles on site were stolen or destroyed by the rebels or by the locals.

As a result of this rebel activity, camp operations in CAR have been suspended and the Company has been limiting its activities to administrative office activity in Bangui only.

6. Exploration and evaluation assets *(continued)*

a) *Mineral properties (continued)*

Force Majeure

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

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

As at September 30, 2020, there has been no significant change in the assumptions used to determine the FVLCD since the impairment loss was recognized in 2013.

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

Mali – discontinued operation

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

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

Senegal

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

On February 28, 2012, as a result of Teranga advancing the Gora deposit towards development, AXMIN and its joint venture partner SMC had agreed to amend the original 2008 joint venture agreement to more adequately represent AXMIN's interest in the exploration potential of the Senegal licences. The amended joint venture and royalty agreement (the "Agreement") supersedes and replaces the original joint venture agreement. As per the Agreement,

AXMIN had a free-carried interest of $2.5 million, with respect to the Target Areas work costs starting from October 1, 2011, after which both parties are to jointly fund Target Area work costs on a pro-rata basis. As of December 31, 2016, the free-carried interest balance is $nil.

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

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

6. Exploration and evaluation assets *(continued)*

c) Other exploration, evaluation and development costs disposed or expensed

<u>*Senegal*</u>
On June 18, 2015, in addition to its royalty interest of 1.5% NSR in the Gora Target Area, AXMIN has elected to convert its 20% interests in another 15 Target Areas into a 1.5% NSR Royalty interest from each Target Area under the Agreement. On January 12, 2016, AXMIN elected to convert its 20% interest in one new Target area into a 1.5% NSR. On January 12, 2016, after this Royalty Election, AXMIN holds a 1.5% NSR on 17 Royalty Target Areas in total and maintains 20% interests of Remainder Areas within the Senegal Project.

The Gora Deposit began production in the third quarter of fiscal 2015. As of June 2019, the Company's royalty rights have been completed and royalty payments to the Company have ceased. Over the four years period, Gora Deposit had provided Royalty income in the amount of $4,864,482 to the Company.

7. Equipment

	Vehicle	Furniture	Total
Cost	**$**	**$**	**$**
Balance at January 1, 2020	51,584	4,967	56,551
Additions	-	-	-
Foreign exchange impact	1,880	181	2,061
Balance at September 30, 2020	**53,464**	**5,148**	**58,612**
Accumulated Depreciation			
Balance at January 1, 2020	10,317	497	10,814
Depreciation	7,737	373	8,110
Balance at September 30, 2020	**18,054**	**870**	**18,924**
Carrying Value			
Balance at December 31, 2019	41,267	4,470	45,737
Balance at September 30, 2020	**35,410**	**4,278**	**39,688**

8. Leases – right-of-use assets and lease liabilities

Lease contracts that are classified as short-term are not counted under lease obligations. For the nine months ended , 2020, the Company expensed $6,640 related to leases that are classified as short-term. These expenses have been included in rental expenses in the consolidated statements of income (loss) and comprehensive income (loss).

The Company leases office in Central African Republic. The lease period for the office space is from July 1, 2019 to March 31, 2026. The Company's right-of-use assets are depreciated on a straight-line basis, over the lease term. The office location is Docteur Cureau Street in Gangui, Central African Republic. The Company has paid $6,049 rent deposit for the lease.

Right-of-use assets

A summary of the changes in the right-of-use assets for the nine months ended September 30, 2020 is as follow:

	$
Cost	
Balance at January 1, 2020	216,802
Additions	-
Depreciation	(26,071)
Foreign exchange difference	8,651
Balance at September 30, 2020	**199,382**

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

8. Leases – right-of-use assets and lease liabilities *(continued)*

Lease liabilities

On July 1, 2019, the Company entered into lease agreement which resulted in the lease liability of $235,405 (undiscounted value of $303,221, discount rate used is 15%). This liability represents the monthly lease payment from July 1, 2019 to March 31, 2026, the end of the lease term.

A summary of changes in lease liabilities for the nine months ended September 30, 2020 is as follows:

	$
Cost	
Balance at January 1, 2020	132,338
Additions	-
Lease payments on principal portion	(39,917)
Lease payments on interest portion	(10,583)
Lease liability accretion expense	10,583
Foreign exchange difference	4,252
Balance at September 30, 2020	**96,671**
Current portion	**8,909**
Long term portion	**87,762**

The following is a schedule of the Company's future lease payments under lease obligations:

	$
2020	5,633
2021	22,532
2022	26,825
2023	26,825
2024	26,825
2025	26,825
2026	7,349
Total undiscounted lease payments	142,814
Less: imputed interest	(46,143)
Total carry value of lease obligations	**96,671**

9. Share capital

The Company is authorized to issue an unlimited number of common shares with one vote per share and no par value per share. Share capital outstanding at September 30, 2020 was 138,437,381 (December 31, 2019: 134,612,382 common shares).

On October 12, 2018, the Company has issued 3.46 million shares at a price of C$0.30 per share total C$1,038,000 (equivalent 800,000) with a combination of a cash payment of US$1.2 million to settle an US$ 2 million account payable. This account payable was for a consultancy agreement (the "Consulting Agreement") to assist AXMIN with securing its ownership of licenses in the Central African Republic on November 15, 2013. Under this Consulting Agreement the consultant was entitled to remuneration upon the successful completion of its services. The total outstanding payments due under this Consulting Agreement amount to US$2 million and were duly recorded in the Company's accounts payable. The Company has benefited from the renewal of its respective licenses and permits and is in good standing with the Government of the Central African Republic. The fair value of the common shares was $584,145, resulting in a gain on debt settlement of $215,855.

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

On October 19, 2018, 280,000 stock options were exercised, 100,000 were exercised at a price of C$0.025 and 180,000 were exercised at a price of C$0.05 for gross proceeds of C$11,500 (equivalent $8,776).

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

9. Share capital *(continued)*

On November 14, 2019, 375,000 stock options were exercised at a price of C$0.025 for gross proceeds of C$9,375 (equivalent $7,070). The fair value of these stock options is $2,739 which has been reclassified from stock option reserve to share capital.

On February 13, 2020, 1,950,000 stock options were exercised for gross proceeds of C$78,750, 750,000 options exercised at a price of $0.025, and 1,200,000 shares exercised at a price of C$0.05.

On September 15, 2020, 1,500,000 stock options were exercised at a price of C$0.025 for gross proceeds of C$37,500.

On September 15, 2020, 375,000 stock options were exercised at a price of C$0.025 for gross proceeds of C$9,375.

Warrants
There were no common share purchase warrants outstanding, issued or exercised during the quarter ended September 30, 2020 and 2019.

Stock Options

A summary of the changes in options is presented below:

	Number of options	Weighted Average Exercise Price – C$(dollars)
Balance at December 31, 2017	**8,240,000**	**0.04**
Options exercised on October 19, 2018	(280,000)	0.04
Options cancelled on November 15, 2018	(60,000)	0.05
Balance at December 31, 2018	**7,900,000**	**0.04**
Options granted on July 2, 2019	3,750,000	0.60
Options exercised on November 14, 2019	(375,000)	0.025
Balance at December 31, 2019	**11,275,000**	**0.23**
Options exercised on February 13, 2020	(1,950,000)	0.04
Options cancelled on March 1, 2020	(750,000)	0.60
Options exercised on September 15, 2020	(1,875,000)	0.025
Balance at September 30, 2020	**6,700,000**	**0.30**

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

On July 2, 2019, the Company granted 3,750,000 stock options to directors, officers and advisors at an exercise price of $0.60 and expiring five years from the date of issue. As of March 1, 2020, 750,000 stock options have been cancelled. Total 3,250,000 stock options remaining.

500,000 of the options were vested immediately, the remaining 2,500,000 were vested equally over an 18 month period from the date of the grant (25% on the date of grant and 25% on each of the 6 (six) month, 12 (twelve) month and 18 (eighteen) month from the date of grant) and are exercisable in accordance with the terms of the Company's Stock Option Plan. Share-based compensation expense amounted to $35,274 for the quarter ended September 30, 2020 (September 30, 2019 - $689,955).

Fair values of share options were calculated using the Black-Scholes option pricing model with the following assumptions:

	2019	2018
Risk free interest rate	1.32%	1.80%
Expected share market volatility	224%	229%
Expected life of share options (years)	5	5
Dividend yield	0%	0%

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

9. Share capital *(continued)*

As at September 30, 2020, common share stock options held by directors, officers and employees and activity are as follows:

	Outstanding			**Exercisable**	
Exercise prices - C$ (dollars)	Number of options	Exercise price - C$ (dollars)	Remaining contractual life in years	Number of options	Exercise price - C$ (dollars)
0.05	3,700,000	0.05	1.98	3,700,000	0.05
0.60	3,000,000	0.60	3.76	2,375,000	0.60
	6,700,000	0.30	2.78	6,075,000	0.27

10. Related party transactions and balances

Related party balances

	September 30, 2020	**December 31, 2019**
	$	**$**
Director (a)	**-**	**5,644**
CEO (b)	**207,814**	**261,080**
Total due to related parties	**207,814**	**266,724**

(a) Balances consist of director fees, expense reimbursement and expected receivable from option exercise from the current director.

(b) Balance consists of consulting fees due to the current CEO.

(c) As of September 30, 2020, the Company's significant shareholder, Dickson Resources Limited ("Dickson"), held 45,000,000 common shares (December 31, 2019 – 45,000,000) representing approximately 32.5% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

(d) As of September 30, 2020, the Company's other significant shareholder, Shanghai Shenglin Trading Co., Ltd., held 20,000,000 common shares (December 31, 2019 – 20,000,000 common shares) representing approximately 14.5% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

(e) As of September 30, 2020, the Company's other significant shareholder, AOG Participations BV ("AOG"), a wholly-owned subsidiary of the Addax and Oryx Group Limited, held 14,901,938 common shares (December 31, 2019 - 15,001,938 common shares) representing approximately 10.8% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

Related party transactions

Compensation of key management personnel

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

	2020	2019
	$	$
Share-based payments	**34,294**	695,544
Consulting fees	**83,093**	78,531
Director fees	**55,396**	56,429
	172,783	830,504

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

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

11. Contingencies

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

In July 2019, AXMIN received through SMC, a tax notification from the Senegalese tax authorities. The Senegalese tax authorities considers that AXMIN, as a result of the royalties paid to it by SMC, is required to declare and pay corporate income tax in Senegal. In 2020, AXMIN obtained a tax opinion from the Senegal office of a major global accounting firm that the royalties received by AXMIN cannot be taken as revenues from the exploitation or concession of exploitation of mineral deposits located in Senegal, and therefore, AXMIN concludes that it is not liable for any taxes claimed by the Senegalese tax authorities.

12. Segmented information

The Company has one reportable operating segment: mineral exploration and development. There were no exploration activities in CAR due to the force majeure mentioned in Note 5a.

The Company's comprehensive income (loss) by geographic locations for the nine months ended September 30, 2020 and 2019 are as follows:

Net Income (loss)	**Nine Months Ended September 30, 2020**	**Nine Months Ended September 30, 2019**
Canada	**$ (317,867)**	$ (455,904)
Central African Republic	**(261,200)**	(93,350)
Total	**$(587,177)**	$(549,254)

The Company's non-current assets by geographic locations as of September 30, 2020 and December 31, 2019 are as follows:

Non-Current Assets	**September 30, 2020**	December 31, 2019
Canada	**$ -**	$ -
Central African Republic	**245,508**	268,699
Total	**$ 245,508**	$ 268,699

13. Capital management

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

As at September 30, 2020, the Company's capital primarily consisted of cash and cash equivalents in the amount of $733,704 and receivables in the amount of $5,718. The Company's primary objectives when managing capital are to safeguard the Company's ability to meet its immediate cash requirements, and to perform exploration and development on its properties as well as maintain market confidence.

As at September 30, 2020, the Company had working capital of $293,532, but it did not have sufficient cash to fund the development of its properties. The Company will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities. Management reviews its capital management approach on an ongoing basis and believes that this approach is appropriate given the Company's size. The Company is not subject to other externally imposed capital requirements.

14. Financial instruments and risk management

(a) Credit risk

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

The Company minimizes its exposure to credit risk by keeping the majority of its cash and cash equivalents as cash on deposit with a major Canadian chartered bank and Ecobank in Central African Republic. Management expects the credit risk to be minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's objective is to maintain sufficient liquid resources to meet operational requirements. As of September 30, 2020, the Company had cash and cash equivalents of $733,704 (December 31, 2019: $1,281,755), and the Company have sufficient cash on hand to discharge its current liabilities. As of September 30, 2020, the Company had working capital of $293,532 (December 31, 2019 - $761,352 working capital).

(c) Market risk

Market risk consists of foreign currency risk, interest rate risk, and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns. The Company is not subject to any commodity price risk at this time.

(i) Foreign currency risk

The functional currency of the Company is the Canadian dollar and the functional currency of its subsidiaries is the United States dollar. The Company's operations expose it to significant fluctuations in foreign exchange rates. The Company's main source of funds are denominated in the Canadian dollar and the Company has monetary assets and liabilities denominated in the Canadian dollar, UK pound sterling, United States dollar and the CFA franc. A significant change in the currency exchange rates between the US dollar and foreign currencies could have an effect on the Company's total comprehensive loss.

The Company maintains certain of its cash and cash equivalents in the US dollar, and CFA franc and is thus susceptible to market volatility as cash balances are revalued to the functional currency of the Company. The total amount of cash and cash equivalents held in foreign currency at September 30, 2020 is $232,156 in USD and 591,731 in CFA franc, income will increase or decrease by 11,600 given a 5% increase or decrease in the US dollar to Canadian dollar and US dollar to CFA franc respectively

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

Fair value of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., as derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments of the Company carried on the Consolidated Statements of Financial Position are all carried at amortized cost. There are no significant differences between the carrying value of these financial instruments carried at amortized cost and their estimated fair values as at September 30, 2020 and 2019 due to the short term nature of the instruments.

15. Subsequent events

The Company has been advised that Presidential and legislative elections will be held simultaneously on December 26, 2020, with results to be officially announced one week after the elections.

On November 2, 2020, the Company has received notice from Central African State to confirm in participating in the mediation process with the company's subsidiaries AURAFRIQUE SARL SOMIO TOUNGOU SA. Mediation between the Company and the Central African State is progressing and practical arrangements are being made to resolve the difficulties within a short period of time. The date will be further confirmed from the arbitral chamber. The Company has received notice that the Central African State will be represented by Flavien Mbata, Minister of Justice and Human Rights, and Léopold Mboli Fatran, Minister of Mines and Geology in the arbitration.

On November 16, 2020, Endeavour Mining Corporation (TSX:EDV) and Teranga announced that they have entered into a definitive agreement whereby Endeavour will acquire all of the issued and outstanding securities of Teranga. In their joint press release, the companies stated that the combination would "leverage Endeavour's West African operating model to extract significant financing, operating and capital synergies across all of Teranga's assets [including] Sabodala-Massawa, in Senegal, to become a flagship asset alongside Ity and Houndé with the potential to become a top tier asset given its high grade, low cost, long mine life, large reserves and significant exploration potential."

The Company is in discussions with Teranga regarding the 5 proposed targets within Bransan Lot C on whether the Company will participate in the exploration, which will include funding 20% of proposed work costs, or elect to convert to a 1.5% net smelter royalty.