AXMIN

scale experience strategy

2002 annual report

Positioned for rapid growth

Mali – Strategically Located

- Licences strategically located for discovery on the Mali-Senegal shear
- Licences situated 10 km from both Randgold's Loulo and Nevsun's Tabakoto-Segala development projects
- Strong potential to expand resource base at Kofi with more than 10 significant untested gold targets

Central African Republic – Controls New Gold Belt

- Controls 2,000 sq km of previously unexplored highly prospective Archean greenstone belt
- Currently four major gold project areas delineated, Passendro, Ndassima, Ao and Louba, with only 20% of permit explored to date
- Multi-million ounce resource potential at Passendro project area alone, where seven gold targets within a five km radius have been outlined

strategy

Burkina Faso – Emerging Gold Producer

- AXMIN-High River Gold jointly conducting a pre-feasibility study to develop a gold operation
- AXMIN's Bouroum deposit contains near surface high grade ore; key to rapid payback
- Good potential to expand resource base at Bouroum

2002 Highlights

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

- Rotary Airblast ("RAB") drilling in CAR extends Main Zone and Main Zone South mineralization to 2,000 metre combined strike and French Camp Zone to the north for 500 metre strike.
- Discovery of four new gold zones during RAB program in CAR; most exciting being Katsia prospect, drilling indicates strong gold halo over 1,100 metre strike.
- Resource Service Group estimates inferred mineral resources of 1.4 Mt grading 2.3 g/t Au (106,000 ounces contained gold) at Kofi SW in Mali.
- Three large new gold zones identified from soil sampling are targets for planned drilling program at Kofi Permit in Mali.
- Revised estimate at Bouroum deposit in Burkina Faso increases measured and indicated resource by 56%; includes a high grade resource of 1 Mt grading 6 g/t Au (193,000 ounces contained gold).
- In Burkina Faso the joint pre-feasibility study, conducted by Metallurgical Design and Management ("MDM") of South Africa and SRK Consulting of Canada, is nearing completion.
- Successfully completed Cdn$2.2 million brokered private placement in July 2002 and a Cdn$1.2 million non-brokered private placement in December 2002.
- Jean Claude Gandur, Chairman and Chief Executive Officer of The Addax & Oryx Group Ltd (AXMIN's major shareholder) is appointed Chairman of AXMIN, Dr. Michael Martineau appointed Deputy Chairman and President.

FUTURE DEVELOPMENTS

- Initial 3,000 metre core drilling program at the Bambari Permit in CAR to be carried out mid-2003, the objective being to commence resource definition at Main Zone and French Camp prospects.
- Planning for a substantial follow-up program to include further resource drilling as well as reconnaissance drilling of previously identified targets at Passendro and Ao projects.
- Reconnaissance exploration to be extended into new areas on the Bambari Permit.
- Results of pre-feasibility study in Burkina Faso expected in second quarter 2003, with rapid progression into feasibility study anticipated.
- Drill programs planned for new targets at Kofi Permit in Mali and at Sounkounko Permit in Senegal.
- Actively seeking partners to take forward interests on other licences.

Inside

A well-balanced portfolio

It gives me great pleasure to present AXMIN's Annual Report for the year ended December 31, 2002 being the first full year since the successful completion of the reverse take-over in November 2001. As Chairman of both AXMIN and its major shareholder, The Addax and Oryx Group, I have had the opportunity to follow the progress of AXMIN through the year from the perspective of both management and shareholder.

AXMIN has demonstrated a commitment to focus on its core projects, from where it is believed substantial value will emerge as exploration gains momentum. I believe that the portfolio is now well balanced. AXMIN controls a major new gold belt in the Central African Republic as well as holding very strategic and prospective ground in the Kenieba district of western Mali. Moreover, the acquisition earlier in the year of the Bouroum deposit in Burkina Faso provides the Company with the opportunity to create real value and future cash flow from a gold mining project.

The objective of the Company remains the creation of substantial shareholder value through exploration with the additional benefit of providing added value to the countries in which it operates through new discoveries and developments. To achieve success we will maximise our commitment to strong exploration programs where there is potential for the discovery of world class deposits.

Although the market has shown some evidence for renewed interest in the financing of exploration, it is the intention of The Addax and Oryx Group to ensure that AXMIN receives the necessary support to enable major gold discoveries to be made.

In addition, part of the exploration process is understanding and managing the risks involved, both geopolitical and technical. I remain confident that the "African experience" not only of management but that of a strong African focused and supportive shareholder can be drawn upon to reduce these risks.

In conclusion, I anticipate that the coming year will be an exciting one for AXMIN, as the real value of each of the Company's three key projects starts to emerge.

It only remains for me to thank the shareholders for their support of the Company and the employees for their continued hard work and dedication.

"Signature"

Jean Claude Gandur
Chairman

May 14, 2003

A sound strategy based on experience

In 2002, the focus of the Company moved towards three key projects where the greatest opportunity was identified for the realisation of substantial shareholder value. AXMIN started the year with two principal projects: the Bambari Permit in the Central African Republic, which is clearly evolving into a new gold belt; and the Kofi project, which is located along the highly prospective Mali-Senegal shear in western Mali. AXMIN's third principal project is at Bouroum in Burkina Faso which was acquired early in the year and brings future gold production capability to the Company.

Together these projects provide a broadly based portfolio for AXMIN. The portfolio is underpinned by a production capability in Burkina Faso which is complemented by the very large exploration upside in the Central African Republic and highly prospective ground that is strategically located next to two new gold development projects in western Mali.

In Burkina Faso, AXMIN farmed-in to the Bouroum Permit in May 2002 through an agreement with permit holder, Channel Resources Ltd.

“The objective of the Company remains the creation of substantial shareholder value through exploration with the additional benefit of providing added value to the countries in which it operates through new discoveries and developments.”

Jean Claude Gandur, *Chairman*

The agreement gives AXMIN the right to earn a 65% interest by completing a bankable feasibility study. The balance of the interest is to be bought out using a valuation based on the pro-rata number of ounces held in the proven and probable category of the reserves as defined in the bankable feasibility study.

In a further step towards the establishment of a robust gold development project, AXMIN came to an arrangement with a neighbour in Burkina Faso, High River Gold Mines Ltd., which holds the nearby Taparko project. This agreement enables AXMIN and High River Gold to jointly conduct a pre-feasibility study on the development of a gold mining project that incorporates the resources from both properties which are located 35 kilometres apart.

A jointly commissioned pre-feasibility study is now nearing completion using independent engineers, MDM and SRK Consulting. It is anticipated that a positive study will rapidly lead into feasibility study.

In the Central African Republic, AXMIN has demonstrated through the year that the 2,000 sq km Bambari Permit has the potential to evolve into a very significant Archean greenstone gold belt. Work during the year was mainly focused on the Passendro project area within the belt, where a large reconnaissance RAB drilling program was completed over seven separate soil geochemistry anomalies, each exceeding 800 metres in strike. The program was very successful and has resulted in the identification of seven substantial targets, each of which will require follow-up drill campaigns. Together with the discoveries previously made at the French Camp and Main Zone project areas, the work has demonstrated the potential of the belt to host large gold deposits.

Unfortunately, towards the end of 2002 political unrest in the capital, Bangui, and in the western part of the country caused a temporary delay to the planned core drilling program. However, a successful and apparently popular coup d’etat and installation of a new government has enabled the program to proceed with mobilisation of a core rig in early May 2003.

AXMIN is planning an aggressive exploration campaign for the coming year, with the objective of starting to define resources whilst at the same time better understand the size potential of not only the Passendro project area but also other areas within the Bambari Permit where gold targets have been identified.

The third key project for AXMIN is located in the Kenieba district of western Mali, where a group of contiguous permits, called Kofi, Kofi North and Netekoto are located strategically between the 3.5 million ounce Loulo deposit immediately to the southwest, and the 2 million ounce Tabakoto-Segala deposit to the east.

AXMIN has completed substantial surface geochemistry and mapping across these permits. It has now demonstrated through drilling that the coincidence of gold in soil anomaly and structure often translates into an underlying gold bearing structure. The first systematic drilling has identified an inferred 106,000 ounce resource. The potential to rapidly increase this figure is considered excellent, with at least 10 substantial surface targets awaiting drill holes. Importantly, the strategic location proximal to other development projects makes it likely that any ounces found will ultimately have value.

We are focused on realizing the true value of our portfolio and as 2003 unfolds we anticipate delivering that value to our shareholders.

“Signature”

Dr. Jonathan Forster
Chief Executive Officer

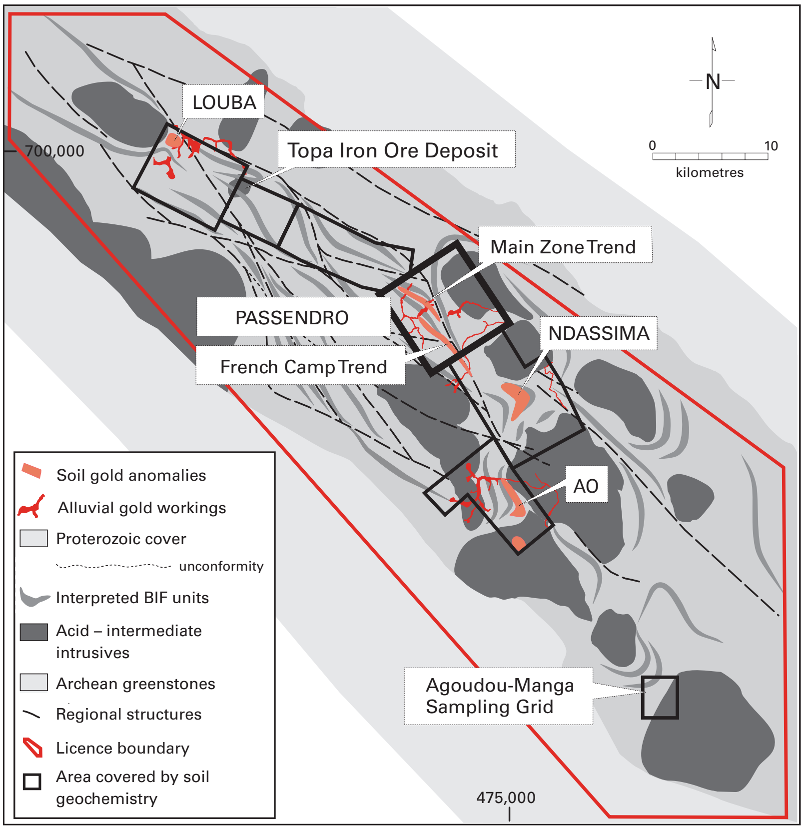
May 14, 2003

Central African Republic

scale

AXMIN owns 100% of a potential new gold district with multi-million ounce potential.

Bambari Permit – Overview



In the Central African Republic ("CAR") AXMIN controls 90 km of strike of the previously unexplored Bambari greenstone belt, considered to be the extension of the prolific Kilo-Moto gold belt of the Democratic Republic of Congo. This Archean greenstone belt has all the hallmarks of becoming Africa's newest gold belt.

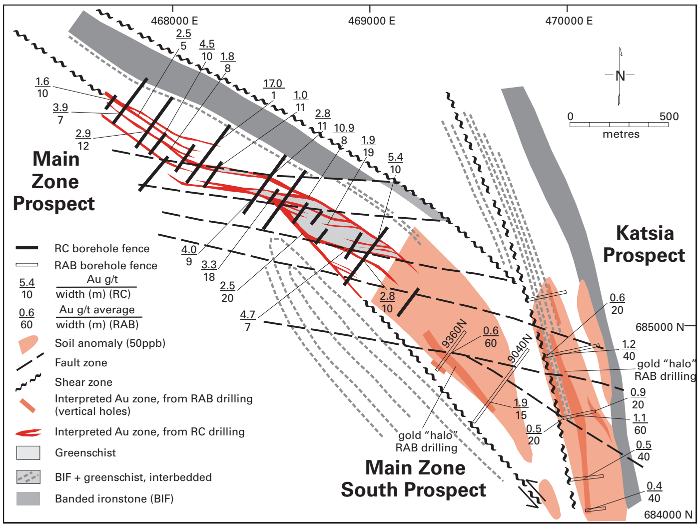
To date only 20% of the 2,000 sq km Bambari Permit has been explored, within which four major gold project areas have been delineated: Passendro, Ndassima, Ao and Louba. The Passendro project area is the first of these to be drill tested.

During 2002, AXMIN completed 5,100 metres of RAB drilling at the Passendro project area which successfully delineated seven substantial gold targets over a combined strike length in excess of 8,000 metres. This program extended the Main Zone and Main Zone South mineralisation to a possible 2,000 metres of strike length, and extended the French Camp Zone to the north for a possible strike length of 500 metres. In addition, four new gold zones each with potential strike lengths in excess of 800 metres were clearly delineated by the RAB program. The most exciting being the Katsia prospect, where drilling indicates gold mineralisation over at least 1,100 metre strike within a 1,500 metre long gold in soil anomaly.

The RAB program, utilizing the Company's highly mobile rig, drilled vertical holes to depths of 20-25 metres, with holes set at 20 metre intervals along fences spaced either 320 or 160 metres apart. This method of drilling allows AXMIN to focus on the mineralised structures hiding underneath the soil anomalies by detecting the tell tale "gold halo" around these structures, caused by the lateral movement of gold by ground water in the near surface. This mushroom effect may spread gold up to 40 metres away from the mineralised structures, although the grades may be diluted. Nonetheless, the RAB method is very effective in narrowing the location of the gold mineralised structures, which can then be efficiently followed up with core and reverse circulation ("RC") drilling.

An initial 3,000 metre core drill program is scheduled for mid-2003

Passendro Project – Main Zone Trend



with the objective being to commence resource definition at Main Zone and French Camp prospects.

Main Zone & Main Zone South

Previously 6,500 metres of RC drilling delineated a 1,500 metre by 100-300 metre wide continuous structure comprising of multiple parallel zones of gold mineralisation, each zone ranging over 2-20 metres in width and with grades typically in the range of 1 to 5 g/t Au.

In 2002 a total of 60 RAB holes drilled along two fences suggest that the Main Zone and Main Zone South can be considered one continuous structure for a total strike of 2,000 metres. Gold in soil anomaly suggests that this zone could be extended to at least 2,300 metres.

French Camp Zone

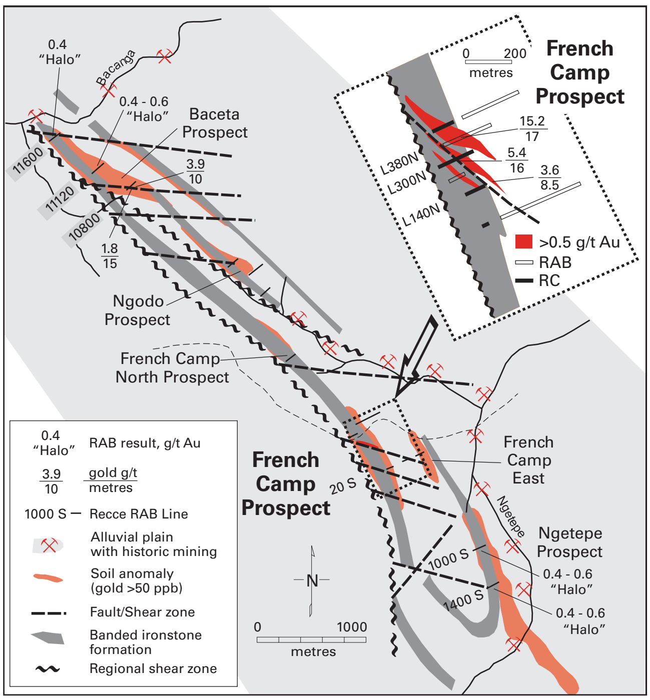
Previously 1,000 metres of RC drilling tested only 400 metres of strike. Drilling indicated continuity of mineralisation and good grades such as 5.8 g/t Au over 16 metres.

A total of 24 RAB holes drilled in 2002, extended the known mineralisation to a total of 500 metre strike and outlined a very strong gold halo over a 120 metre wide corridor with an average grade of 1.5 g/t Au. This excludes one hole that returned 15 g/t Au over the entire 17 metre length, suggesting that the RAB hole went down the mineralised structure.

Katsia Prospect

During 2002, 100 RAB drill holes along seven fences tested 1,100 metres of a 1,500 metre long gold in soil anomaly closely associated with sheared banded ironstone. A strong gold halo can be traced from line to line, with average grades typically in the range of 0.4 to 1.2 g/t Au, suggesting a well mineralised underlying gold system.

Passendro Project – French Camp Trend



Burkina Faso

AXMIN is underpinned by emerging gold production in Burkina Faso, with the potential for development decision before the year-end.

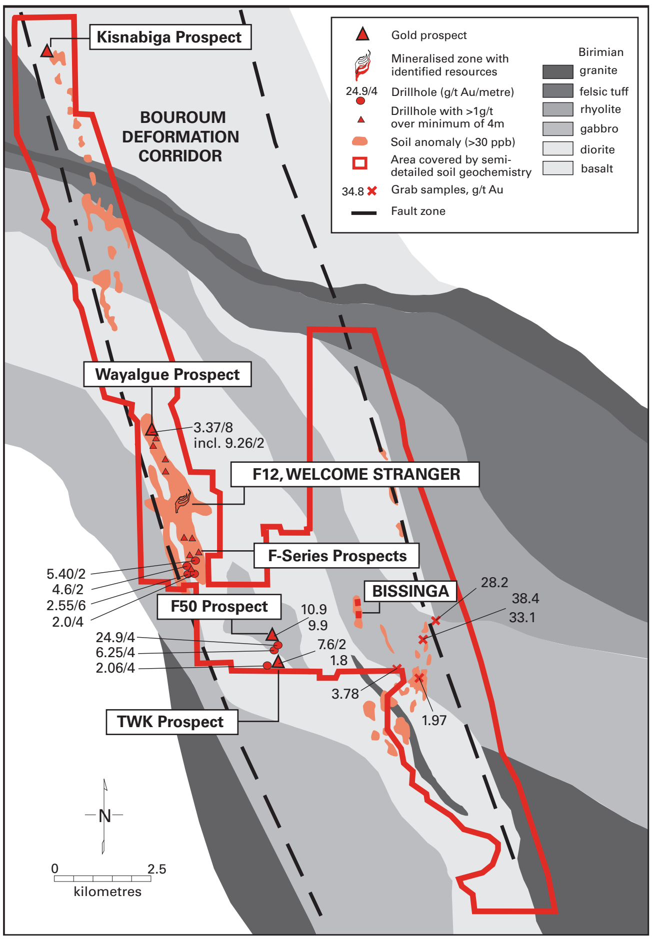
In Burkina Faso the pre-feasibility study reviewing the combined Bouroum-Taparko project of AXMIN and High River Gold is nearing completion, with the process engineering and infrastructure study being undertaken by MDM of South Africa and the mine scheduling by SRK Consulting of Canada. AXMIN is optimistic that the pre-feasibility study will prove to be positive and that the subsequent feasibility study will be progressed rapidly with a view to developing Burkina Faso's first modern commercial scale gold mine.

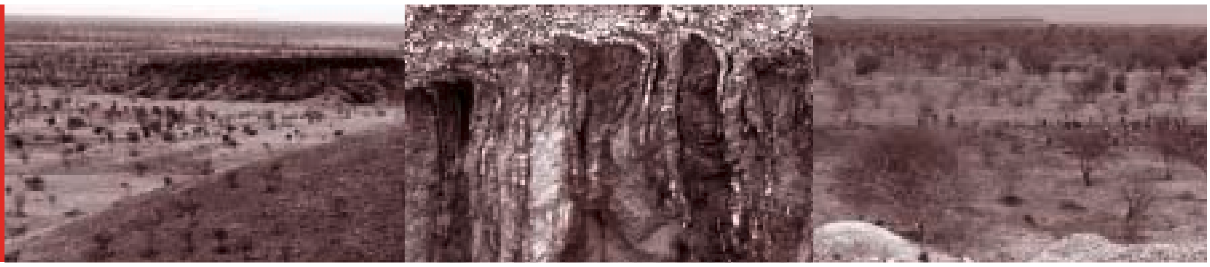
During 2002, AXMIN completed a 2,000 metre combined core and RC pre-feasibility study drill program targeting F12, Welcome Stranger and Bissinga prospects at its Bouroum Permit. Initial metallurgical testwork have confirmed that the gold recoveries using cyanide leach in the oxide, transition and sulphide ore lie in the range of 90-99%. The Tarparko deposit of High River Gold is reported to have similar results.

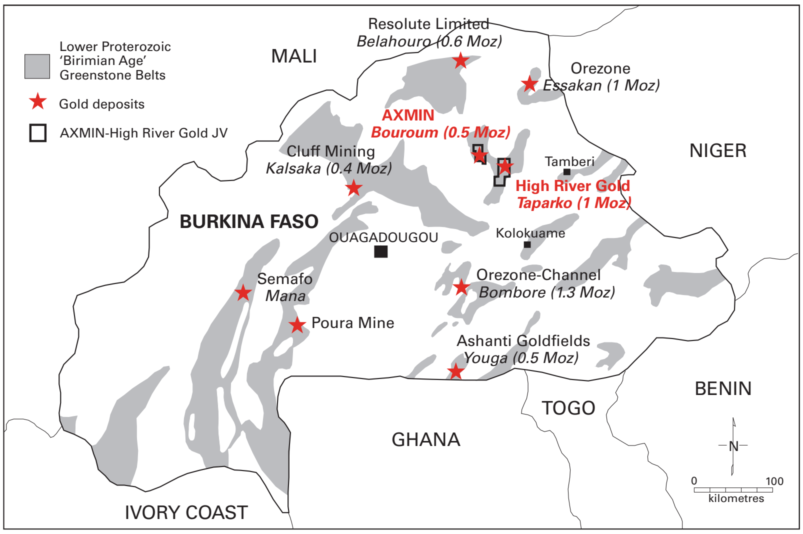
Early in 2003, AXMIN announced a revised resource estimate at the Bouroum deposit that increases the gold content in the measured and indicated category by 56%.

The measured and indicated resource now stands at 3.9 million tonnes with a grade of 2.8 g/t Au (351,000 ounces of contained gold); in addition there is a further 1.6 million tonnes with a grade of 2.2 g/t Au (113,000 ounces of contained gold) in the inferred category. Both estimates are calculated using a 1 g/t Au cut-off grade. Within this occurs a high grade measured and indicated resource of 1.0 million tonnes with a grade of 6.0 g/t Au (193,000

Bouroum Permit – Geology





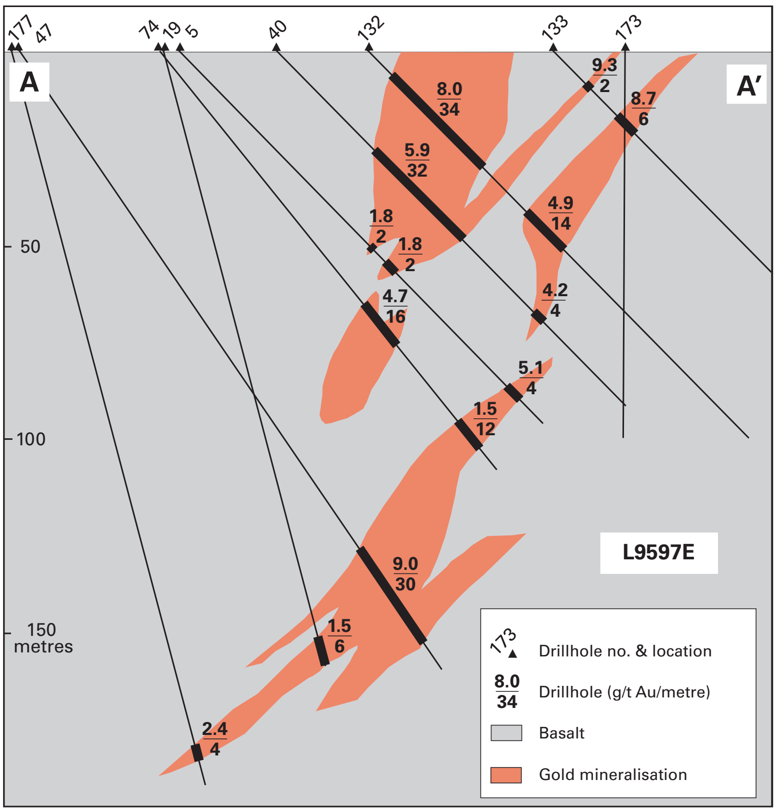


Burkina Faso Joint Development – Location Map

ounces of contained gold) at a 3 g/t Au cut-off grade. AXMIN considers this high grade resource the key to yielding a rapid payback of the project's capital and funding. All resources are near surface and exploitation will be considered by way of an open pit.

AXMIN can earn the entire interest of Channel Resources Ltd. in the Bouroum Permit by delivering a bankable feasibility study and purchasing 35% of the contained proven and probable reserves at Bouroum as included in the bankable feasibility study at a price of between US$10-15 per ounce, dependent on the gold price at the time.

Bouroum Permit F12 – Cross Section



Mali

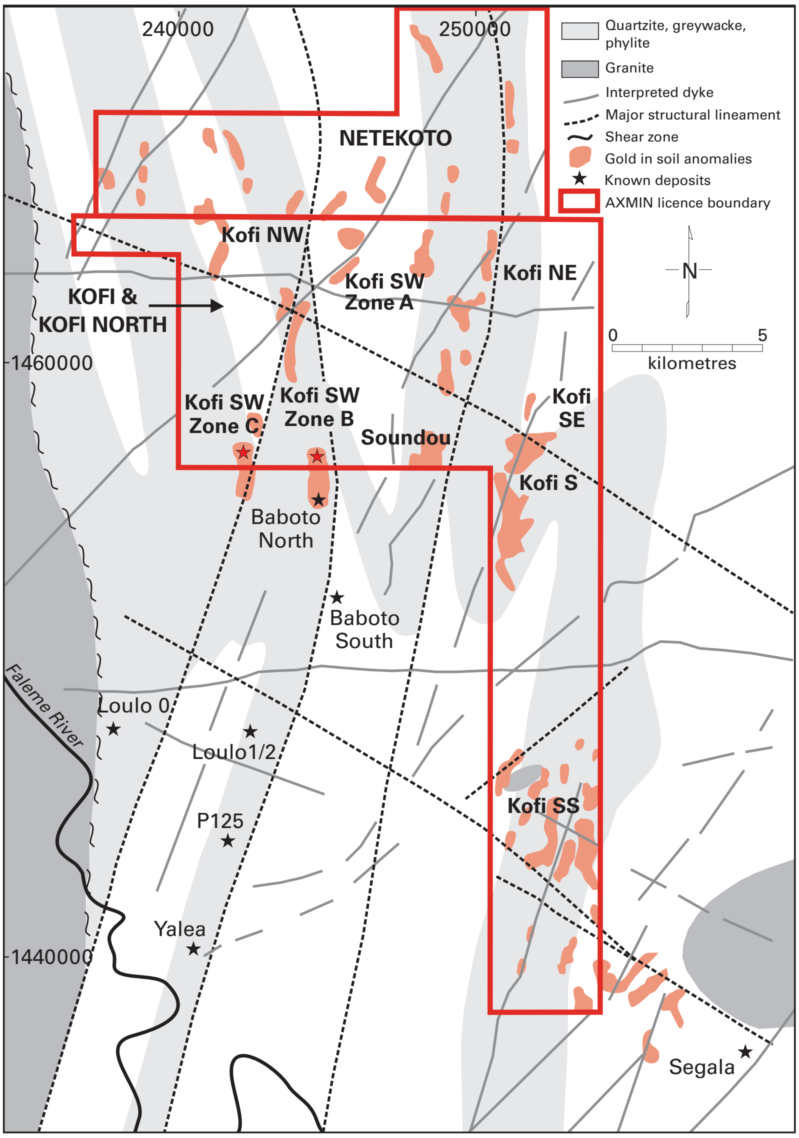
Well balanced portfolio emerging from Mali with top class exploration upside and strategic location between developing gold projects.

AXMIN's licences in both Mali and Senegal sit within the Kenieba Inlier of the Birimian in a district where over 20 million ounces of gold has been discovered in the last decade, resulting in mines such as Sadiola and Yatela and developments such as Loulo and Tabakoto-Segala. AXMIN's Kofi Permit in Mali in particular is strategically located between the multi-million ounce Loulo and Tabakoto-Segala deposits.

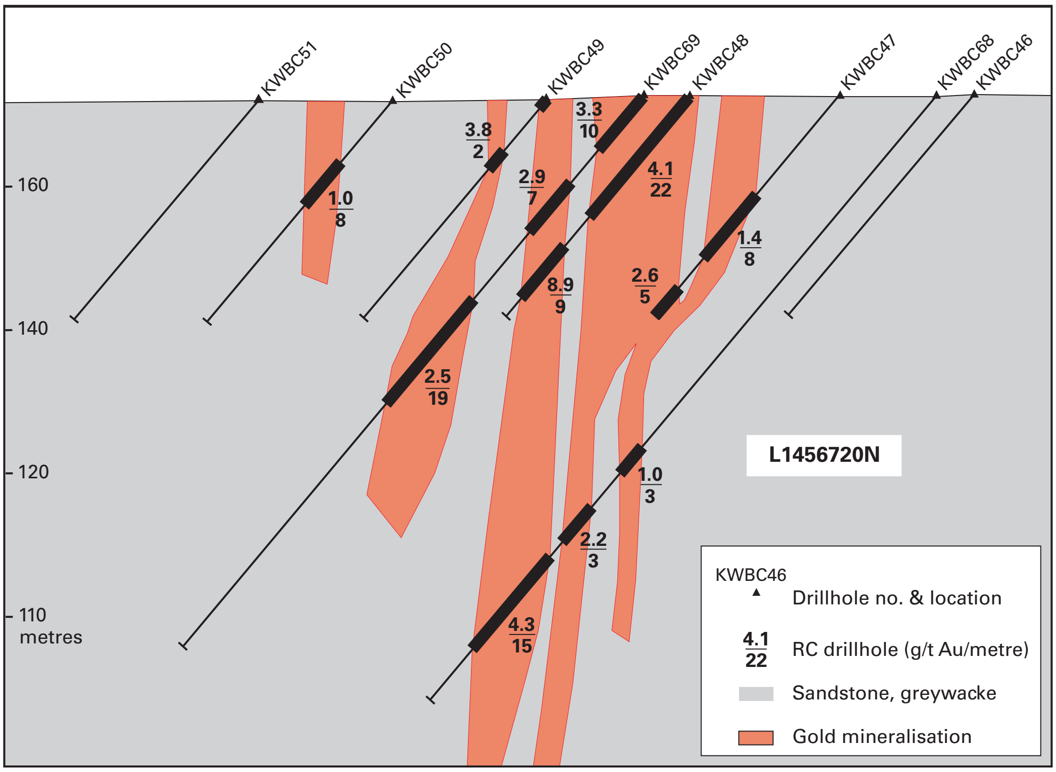
At Kofi a 7,000 metre RC drill program completed in mid-2002 identified its first resources in Mali, with the announcement in August 2002 of an inferred resource of 1.4 million tonnes with a grade of 2.3 g/t Au (106,000 ounces of contained gold) at a 1 g/t Au cut-off grade at Kofi SW Zones B and C. The next phase of drilling at Kofi is designed to increase the number of drill discoveries in the area, enabling a follow-up resource drilling campaign to be planned. At least 10 of 17 further targets await first pass reconnaissance drilling.

Currently work has focused on preparation for a drill program in the Kofi project area, with detailed geological mapping and selective infill soil sampling completed. Initially three areas have been targeted for the forth-coming program:

Kofi Permit – Geology



Kofi SW Zone B – Cross Section



- Kofi South East; previous reconnaissance drilling tested a gold bearing structure over 500 metres of a 1,000 metre long soil anomaly, with results including 9.0 g/t Au over 6 metres. Further drilling will be undertaken to infill and test the extensions of this structure as well as test parallel structures;
- Soundou prospect; located about 3 km west of Kofi South East and comprising a 900 metre long soil anomaly, 200-350 metres wide at a threshold of 100 ppb Au. Artisanal work-ings at various locations along the anomaly demonstrate the presence of a quartz stockwork in greywackes, with a width in places of 50 metres; and
- Kofi South South; located about 12 km south of Kofi South East and comprising a north-northeast trending 3,000 metre long soil anomaly, with a threshold at 100 ppb Au. Occasional exposure reveals a sheared phyllite with thin interfoliated quartz veins across a surface width of some 60 metres. A single grab sample returned 7.1 g/t Au.

The timing of this planned drill program is dependent upon the availability of an appropriate drill rig.

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

Overview

On November 21, 2001 AXMIN Inc. (the "Company", formerly Asquith Resources Inc.) successfully completed the reverse takeover of AXMIN Limited ("AXMIN") by the acquisition of all of the outstanding shares of AXMIN in exchange for the issuance to the AXMIN shareholders of 34,506,532 common shares of the Company (the "RTO Transaction"). Concurrent with the completion of the RTO Transaction the Company closed the issue and sale of 14,627,000 common shares of the Company at a price of Cdn$0.25 per common share for total gross proceeds of Cdn$3,656,750.

The RTO Transaction resulted in the former shareholders of AXMIN owning the majority of the issued and outstanding common shares of the Company. Under the purchase method of accounting AXMIN has been identified as the acquirer and, accordingly, the entity is considered to be a continuation of AXMIN with the net assets of Asquith Resources Inc. at the date of the RTO Transaction deemed to have been acquired by AXMIN. Since the RTO Transaction is accounted for as a reverse takeover the comparative figures shown in the financial statements are those of AXMIN.

The Company is an international mineral exploration company with a substantial exploration portfolio principally in the mineral belts of the Central African Republic, Burkina Faso and Mali.

The Company is the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. To date the Company has raised funds to explore its mineral properties through the issuance of shares. In the foreseeable future the Company will remain dependent on the issuance of further shares to raise funds to explore its properties.

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

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

As at December 31, 2002 the Company had capitalized US$8.914 million of exploration and development costs. The comparative figure as at December 31, 2001 was US$7.445 million.

Results of Operations

Year ended December 31, 2002 compared to the year ended December 31, 2001

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

Administration costs in 2002 were US$0.629 million compared to US$0.297 million in 2001. The 2001 figure excludes administration costs of US$0.121 million (being Cdn$0.188 million) incurred by Asquith Resources Inc. for the period January 1, 2001 to November 20, 2001 (i.e. immediately prior to completion of the RTO Transaction). The increased administration costs are the result of the enlarged group following the RTO Transaction and one-off costs related to the amalgamation of the two companies' operations.

At year-end 2002 a review of the carrying values of the Company's exploration and development property assets led to a write-down of US$0.808 million as compared with a write-down of US$0.145 million in 2001. The write-down of exploration and development costs reflects the Company's policy of continually assessing the economic viability of its projects and where necessary writing them down to their net realizable value.

At year-end 2002 a review of the recoverability of amounts due from related parties led to a full provision of US$0.136 million against the amount due from SAMAX Services Limited ("SSL"). In the future the balance due to the Company from SSL, being US$0.136 million, may be recovered in part or in full. No such provisions were made in 2001.

During 2002 the Company adopted the recommendations issued by The Canadian Institute of Chartered Accountants dealing with stock-based compensation. As a result the stock-based compensation expense in 2002 was US$0.053 million. In 2001 there was no accounting for stock-based compensation.

The net loss for operations in 2002 was US$1.632 million as compared to US$0.429 million in 2001.

Liquidity and Capital Resources

As at December 31, 2002 the Company had cash resources of US$0.655 million compared to the December 31, 2001 balance of US$1.323 million. During the year ended December 31, 2002 the Company raised US$2.053 million through the issuance of shares. In addition in April 2002 the Company acquired a mobile drill rig for US$0.031 million which was settled by the issuance of shares. The Company's cash resources were utilized mainly on capitalized exploration and development costs, and administration costs.

As at December 31, 2002 the Company had a surplus of working capital (defined as the difference between current assets and current liabilities) which amounted to US$0.349 million.

Hedging and Derivative Instruments

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

Risks and Uncertainties

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

Management's Report on the Consolidated Financial Statements

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

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

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

"Signature"

Jean Claude Gandur
Chairman of the Board and Director

"Signature"

Craig Banfield
Chief Financial Officer and Secretary

Auditors' Report

To the Shareholders of AXMIN Inc.

We have audited the consolidated balance sheet of AXMIN Inc. as at December 31, 2002 and the consolidated statements of operations and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

The financial statements as at December 31, 2001 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated March 13, 2002 (except note 10 which is dated May 15, 2002).

"Signature"

ERNST & YOUNG LLP
Chartered Accountants

Toronto, Ontario
April 10, 2003

Consolidated Balance Sheets

(All tabular amounts stated in thousands of United States dollars)		
As at December 31, 2002 and 2001	**2002**	2001
Assets		
Current assets		
Cash and cash equivalents	**655**	1,323
Accounts receivable	**1**	12
Prepaid expenses and sundry debtors	**8**	20
Due from related parties *(Note 5)*	**7**	148
	671	1,503
Exploration and development costs *(Note 3)*	**8,914**	7,445
Other assets	**7**	7
	9,592	8,955
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	**307**	156
Due to related parties *(Note 5)*	**15**	34
	322	190
Shareholders' equity		
Share capital *(Note 4)*	**12,896**	10,759
Deficit	**(3,626)**	(1,994)
	9,592	8,955

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors

"Signature"

Jean Claude Gandur
Director

"Signature"

Jonathan Forster
Director

Consolidated Statements of Operations and Deficit

(All tabular amounts stated in thousands of United States dollars except per share amounts) *Years ended December 31, 2002 and 2001*	**2002**	2001
Revenue	**–**	–
Expenses		
Administration	**629**	297
Write-down of exploration and development costs *(Note 3)*	**808**	145
Stock-based compensation expense *(Note 4(c))*	**53**	–
Loss (gain) on foreign exchange	**12**	(4)
Provision for amount due from related parties *(Note 5(a))*	**136**	–
	1,638	438
Other income		
Interest income	**6**	9
Net loss for the period	**1,632**	429
Deficit, beginning of period	**1,994**	1,565
Deficit, end of period	**3,626**	1,994
Net loss per share	**0.0252**	0.0242
Weighted average number of common shares outstanding	**64,798,893**	17,747,670

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(All tabular amounts stated in thousands of United States dollars)		
Years ended December 31, 2002 and 2001	**2002**	2001
Operating activities		
Net loss for the period	**(1,632)**	(429)
Write-down of exploration and development costs	**808**	145
Stock-based compensation expense	**53**	–
Provision for amount due from related parties	**136**	–
Change in working capital	**174**	95
Net cash outflow from operating activities	**(461)**	(189)
Investing activities		
Exploration and development costs	**(2,277)**	(1,186)
Other assets	**–**	9
Net cash outflow from investing activities	**(2,277)**	(1,177)
Financing activities		
Issuance of common shares	**2,084**	2,532
Related parties	**(14)**	133
Net cash inflow from financing activities	**2,070**	2,665
Net cash (outflow) inflow from operations	**(668)**	1,299
Cash and cash equivalents, beginning of period	**1,323**	24
Cash and cash equivalents, end of period	**655**	1,323

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

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

1. Nature of Operations and Basis of Presentation

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

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

A significant portion of the Company's exploration and development costs relate to its Bambari property in the CAR. The Company holds its interest in this property through a CAR registered company, Aurafrique S.A.R.L. ("Aurafrique"), which holds prospecting and exploration permits for the property. Previously and immediately prior to the completion of the reverse take-over of AXMIN Limited ("AXMIN") by the Company on November 21, 2001 the Bambari property was subject to a Heads of Agreement between the Company and AXMIN wherein as at December 31, 2000 and immediately prior to completion of the reverse take-over the Company had a 49% and AXMIN had a 51% beneficial interest in Aurafrique. See notes 3 and 4(b).

As at December 31, 2002 and December 31, 2001 Aurafrique is a wholly owned subsidiary of the AXMIN Inc. group.

On November 21, 2001 the Company successfully completed the reverse take-over of AXMIN by the acquisition of all of the outstanding shares of AXMIN in exchange for the issuance to the AXMIN shareholders of 34,506,532 common shares of the Company (the "RTO Transaction"). Concurrent with the completion of the RTO Transaction the Company closed the issue and sale of 14,627,000 common shares of the Company at a price of Cdn$0.25 per common share, for total gross proceeds of Cdn$3,656,750 (the "Offering").

In respect of the year ended December 31, 2001 the RTO Transaction has been accounted for using the purchase method based upon the following:

(a) immediately prior to completion of the RTO Transaction the issued share capital of the acquired company, Asquith Resources Inc. (subsequently AXMIN Inc.), was 12,281,986 common shares;

(b) the RTO Transaction was completed on November 21, 2001 and accordingly the results of Asquith Resources Inc. from that date are included in the determination of results of operations for the period;

(c) the net assets of Asquith Resources Inc. acquired at the time of the RTO Transaction were Cdn$3,075,031 (see note 8); and

(d) the value of the consideration given for the net assets of Asquith Resources Inc. acquired at the time of the RTO Transaction was Cdn$8,626,633 (being the issuance to the AXMIN shareholders of 34,506,532 common shares of the Company at a deemed value of Cdn$0.25 each).

The RTO Transaction resulted in the former shareholders of AXMIN owning the majority of the issued and outstanding common shares of the Company. Under the purchase method of accounting AXMIN has been identified as the acquirer and, accordingly, the entity is considered to be a continuation of AXMIN with the net assets of Asquith Resources Inc. at the date of the RTO Transaction deemed to have been acquired by AXMIN.

2. Significant Accounting Policies

Principles of consolidation

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

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

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

Translation of foreign currencies
With effect from the date of completion of the RTO Transaction the functional currency of the Company was changed from Canadian dollars (Cdn$) to United States dollars (US$). Foreign denominated monetary assets and liabilities are translated into United States dollars at the rate of exchange prevailing at the period end. Foreign denominated non-monetary assets and liabilities are translated at historical rates of exchange. Exchange gains and losses are included in the determination of results of operations for the period.

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

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

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

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

Stock-based compensation
The Company has a stock option plan which is used to compensate Directors, Officers and employees of the Company, and consultants to the Company. Effective January 1, 2002, the Company adopted the recommendations issued by The Canadian Institute of Chartered Accountants dealing with stock-based compensation. The new recommendations are generally applicable only to awards granted after the date of adoption. The adoption of the new recommendations did not impact these financial statements. The Company has elected not to recognize compensation expense when stock options are issued; however, pro forma disclosure of the net loss and net loss per share is provided as if these awards were accounted for using the fair value method as set out in note 4(c). Any consideration paid upon the exercise of stock options or purchase of shares is credited to share capital.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

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

3. Exploration and Development Costs

Exploration and development costs	**2002**	2001
Balance, beginning of period	**7,445**	6,404
Additions	**2,277**	1,186
Write-downs	**(808)**	(145)
Balance, end of period	**8,914**	7,445

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

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

Country (project)	**2002**	2001
Central African Republic		
Bambari	**4,538**	3,839
Other	**–**	18
Burkina Faso		
Bouroum	**588**	–
Mali		
Kofi	**1,890**	1,576
Satifara	**132**	11
Other	**632**	573
Senegal		
Sonkounkou	**475**	371
Other	**63**	23
Ghana		
Cape Three Points	**458**	311
Other	**–**	115
Tanzania		
Siga Hills	**–**	332
Magamba	**–**	31
Other	**–**	72
Canada		
B-B Lake	**138**	137
Tully Township	**–**	–
Diana	**–**	–
Other	**–**	36
	8,914	7,445

Central African Republic ("CAR")

On June 1, 1999 the Company entered into a Heads of Agreement with AXMIN to form a joint venture for the further exploration and development of the Bambari property in the CAR. The Company holds its interest in this property through a CAR registered company, Aurafrique, which holds prospecting and exploration permits for the property.

The Heads of Agreement gave AXMIN an exclusive option, until December 31, 1999, to complete a minimum of 2,500 metres (actual – 3,520 metres) of reverse circulation ("RC") drilling on the Bambari anomaly previously defined by the Company and then elect to form a joint venture. AXMIN agreed to assume all of the Company's carrying costs in the CAR and utilize certain of its technical staff on an as required basis. AXMIN exercised its option to form the joint venture on January 17, 2000.

AXMIN had the right to earn a 51% interest in Aurafrique by completing, at its cost, a further program of 4,000 metres of RC drilling and regional exploration programs covering 200 sq. km. of the Bambari permit. AXMIN earned a 51% interest in Aurafrique effective August 31, 2000. AXMIN had the further right to increase its interest in Aurafrique to 60% by making additional exploration expenditures of US$500,000. Thereafter, the Company was to be entitled to participate pro rata or convert to a carried interest through bankable feasibility in which case AXMIN could earn a 75% interest.

Immediately prior to completion of the RTO Transaction the Company had a 49% and AXMIN had a 51% beneficial interest in Aurafrique.

The parties never entered into a joint venture agreement to govern the development of the Bambari property. On November 21, 2001 the Company successfully completed the reverse take-over of AXMIN. Subsequent to the reverse take-over Aurafrique is a wholly owned subsidiary of the AXMIN Inc. group.

See notes 1 and 4(b).

The Bambari property is subject to a 2% net smelter royalty payable to United Reef Limited, a company previously related to the Company, from production once all capital expenditure has been recovered by Aurafrique.

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

Burkina Faso

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

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

Mali

AXMIN has a 65% interest (net of the 20% carried interest of the government of Mali) in the Kofi property from joint venture partner African Selection Mining Corporation ("ASMC"). AXMIN may increase its interest to 80% by buying out the interests of other parties on submission of a bankable feasibility study on an independent net present valuation of the proven and probable reserves using a discount rate of 15%.

AXMIN has a 65% interest (net of the 20% carried interest of the government of Mali) in the Satifara property from joint venture partner ASMC. AXMIN may increase its interest to 80% by buying out the interests of other parties on submission of a bankable feasibility study on an independent net present valuation of the proven and probable reserves using a discount rate of 15%.

As part of the joint ventures with ASMC, AXMIN holds 2,500,000 shares in ASMC representing 21.5% of the total shares in issue of ASMC. During 2002 the shares of ASMC were suspended from trading on the TSX Venture Exchange.

Senegal

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

Ghana

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

Tanzania

AXMIN had the right to earn a 42.5% interest in the Siga Hills property from joint venture partner Ormonde Mining (Tanzania) Limited ("Ormonde") by spending US$350,000 on the property before October 20, 2002. By October 20, 2002 AXMIN had fulfilled its commitments under the terms of the joint venture agreement with Ormonde. Subsequent to October 20, 2002 AXMIN has been advised that Ormonde has not fulfilled its obligations to the underlying license holder and as a result AXMIN's interest in the Siga Hills property has not been established. AXMIN is currently in discussion with the underlying license holder to resolve this issue.

AXMIN had the right to earn a 50% interest in the Magamba property from joint venture partner Ormonde by spending US$350,000 on the property before October 20, 2002. The Magamba property is subject to a 3% net smelter royalty in favour of E-B Hance Company Limited, the underlying Tanzanian license holder. During the tenure of the joint venture AXMIN decided that it did not wish to earn an interest in the Magamba property and so the joint venture was allowed to lapse.

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

Canada

B-B Lake, NWT represents a 25% interest in 16 leased contiguous mining claims. The Company earned its interest by means of a Cdn$375,000 expenditure on the property in prior years. The claims are subject to a 12.5% net profits royalty.

The Company sold its 75% interest in 16 leased mining claims in the Timmins area of Ontario (known as "Tully Township") to a third party in 1998. Pursuant to a letter agreement dated April 2, 2001, subject to regulatory approval, the Company agreed to sell its remaining 1.5% net smelter royalty on the property to Black Pearl Minerals Consolidated Inc. ("Black Pearl") for 300,000 common shares of Black Pearl. The Company took delivery of the common shares in Black Pearl during the year ended December 31, 2002. As at December 31, 2002 the Company holds 310,000 common shares of Black Pearl.

Diana property, Manitoba represents a 100% interest in one unpatented mining claim in southern Manitoba. Subsequent to December 31, 2001 the claim was allowed to lapse.

4. Share Capital

(a) *Authorized share capital*
Unlimited number of common shares and class 'A' shares.

(b) *Issued share capital*

Common shares	*Number of common shares*	*Amount*
Balance as at January 1, 2001	11,781,986	8,227
Issue for cash, private placement	500,000	65
Issue for RTO Transaction, net	34,506,532	169
Issue for cash, the Offering	14,627,000	2,298
Balance as at December 31, 2001	61,415,518	10,759
Exercise of common share purchase warrants	250,000	39
Issue for acquisition of mobile drill rig	200,000	31
Issue for cash, brokered private placement	6,338,000	1,237
Issue for cash, non-brokered private placement	4,154,000	777
Stock-based compensation	–	53
Balance as at December 31, 2002	72,357,518	12,896

On February 9, 2001 the Company closed a private placement of 500,000 Units at a price of Cdn$0.20 per Unit, for total gross proceeds of Cdn$100,000. Each Unit consists of one common share plus one half of one common share purchase warrant entitling the holder to purchase one additional common share at a price of Cdn$0.25 expiring on February 8, 2002.

On November 21, 2001 the Company successfully completed the reverse take-over of AXMIN by the acquisition of all of the outstanding shares of AXMIN in exchange for the issuance to the AXMIN shareholders of 34,506,532 common shares of the Company (the "RTO Transaction"). Concurrent with the completion of the RTO Transaction the Company closed the issue and sale of 14,627,000 common shares of the Company at a price of Cdn$0.25 per common share, for total gross proceeds of Cdn$3,656,750 (the "Offering"). See note 1.

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

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

On July 12, 2002 the Company closed a brokered private placement of 5,938,000 Units, at a price of Cdn$0.35 per Unit, for total proceeds of Cdn$2,078,300. Each Unit consists of one common share plus one common share purchase warrant entitling the holder to purchase one additional common share at a price of Cdn$0.45 expiring on January 12, 2004.

On July 18, 2002 the Company concluded a second closing to the brokered private placement closed on July 12, 2002 for 400,000 Units (total proceeds Cdn$140,000).

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

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

Addax Mining & Metals Limited ("AMM", formerly Adryx Mining & Metals Limited), a wholly owned subsidiary of The Addax & Oryx Group Limited, received pursuant to the RTO Transaction 30,546,409 common shares of the Company in exchange for the shares of AXMIN held by AMM. AMM also purchased an additional 3,180,000 common shares of the Company under the Offering. AMM has entered into an agreement with the Company wherein AMM has agreed not to sell the shares it received pursuant to the RTO Transaction for a two year period expiring on November 21, 2003. As well, the shares AMM acquired under the RTO Transaction are subject to the terms of an escrow agreement entered into by AMM in accordance with the requirements of the TSX Venture Exchange. AMM has also advised the Company that it did not own any shares of the Company prior to the RTO Transaction. AMM purchased 1,330,000 Units pursuant to the non-brokered private placement closed on December 30, 2002. As a result, as at December 31, 2002 AMM held 35,056,409 common shares of the Company. AMM has advised the Company that these shares were acquired by it for investment purposes and it may in the future increase or decrease its ownership of securities of the Company from time to time, depending upon the business and prospects of the Company and future market conditions.

(c) *Stock options*

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

Number of stock options	**2002**	2001
Outstanding, beginning of period	**535,000**	535,000
Granted	**4,325,000**	–
Expired	**(225,000)**	–
Outstanding, end of period	**4,635,000**	535,000

As at January 1, 2002 and January 1, 2001 the Company had on issue and outstanding stock options for 535,000 common shares of the Company exercisable at Cdn$0.25 each expiring on May 21, 2003. Prior to completion of the RTO Transaction the outstanding stock options were due to expire on June 27, 2002.

On January 18, 2002 the Company granted stock options for:

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

(ii) 3,625,000 common shares of the Company exercisable at Cdn$0.32 each expiring January 17, 2007.

Following the resignation of a director on March 11, 2002 stock options for 150,000 common shares of the Company exercisable at Cdn$0.32 each expired.

On April 11, 2002 the Company granted stock options for 150,000 common shares of the Company exercisable at Cdn$0.32 each expiring January 17, 2007.

On July 31, 2002 the Company granted stock options for 50,000 common shares of the Company exercisable at Cdn$0.32 each expiring January 17, 2007.

Following the resignation of a director on November 29, 2002 stock options for 75,000 common shares of the Company exercisable at Cdn$0.32 each expired.

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

(i) 535,000 common shares of the Company exercisable at Cdn$0.25 each expiring on May 21, 2003;

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

(iii) 3,600,000 common shares of the Company exercisable at Cdn$0.32 each expiring on January 17, 2007.

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

The Company does not recognize compensation expense for stock options. Had compensation expense for options granted subsequent to January 1, 2002 under the Company's stock option plan been determined based on the fair value at the grant dates consistent with the fair value based method of accounting for stock-based compensation, the Company's net loss and net loss per share would have been reduced to the pro forma amounts indicated below:

	2002
Net loss for the period, as reported	**1,632**
Stock-based compensation expense	**388**
Pro forma net loss for the period	**2,020**
Pro forma net loss per share	**0.0312**

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

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

(d) *Common share purchase warrants*

Number of common share purchase warrants	**2002**	2001
Outstanding, beginning of period	**250,000**	–
Issued	**8,414,999**	250,000
Exercised	**(250,000)**	–
Outstanding, end of period	**8,414,999**	250,000

As at December 31, 2002 the Company had on issue and outstanding common share purchase warrants for:
(i) 6,338,000 common shares of the Company exercisable at Cdn$0.45 each expiring on January 12, 2004; and
(ii) 2,076,999 common shares of the Company exercisable at Cdn$0.45 each expiring on June 30, 2004.

(e) *Compensation options*

Number of compensation options including attached common share purchase warrants	**2002**	2001
Outstanding, beginning of period	**1,144,700**	–
Issued, exercisable at Cdn$0.25 each	**–**	1,144,700
Issued, exercisable at Cdn$0.35 each	**633,800**	–
Attached common share purchase warrants, exercisable at Cdn$0.45 each	**633,800**	–
Outstanding, end of period	**2,412,300**	1,144,700

On November 21, 2001 as part of their compensation the agents to the Offering were issued a total of 1,144,700 compensation options. Each compensation option entitles the holder to purchase one common share of the Company at a price of Cdn$0.25 until May 21, 2003.

As at December 31, 2001 the Company had on issue and outstanding 1,144,700 compensation options. Each compensation option entitles the holder to purchase one common share of the Company at a price of Cdn$0.25 until May 21, 2003.

As part of their compensation the agents to the brokered private placement closed on July 12, 2002 and July 18, 2002 were issued a total of 633,800 Units. Each Unit entitles the holder to purchase one common share at a price of Cdn$0.35 plus one common share purchase warrant entitling the holder to purchase one additional common share at a price of Cdn$0.45 expiring on January 12, 2004.

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

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

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

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

See notes 1, 3, 10(a), 10(b), 10(c), 10(d),10(e) and 10(f).

5. Related Parties

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

Balances	Footnote	**2002**	2001
Due from SAMAX Services Limited	(a)	–	137
Due from Carpathian Gold Limited	(b)	**7**	11
Due from related parties		**7**	148
Due to Addax Mining & Metals Limited	(c)	**15**	22
Due to M.D. Coulter & Associates Inc.	(d)	–	12
Due to related parties		**15**	34

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

Transactions	Footnote	**2002**	2001
Administration	(a)	**105**	129
Administration	(b)	**(32)**	(27)
Administration	(c)	**3**	2
Administration	(d)	**57**	7
Professional fees	(e)	**43**	17
Professional fees	(f)	–	4

Related party transactions of Asquith Resources Inc. not included in the determination of the Company's results of operations for the period are summarized below:

Transactions	Footnote	**2002**	2001
Administration expense	(d)	–	81

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

(b) Balances with Carpathian Gold Limited ("Carpathian") represent recharges of expenses owing to and services provided by the Company including the provision of the services of Jonathan Forster, a Director of the Company, and Craig Banfield, an Officer of the Company, in accordance with their employment contracts. Michael Martineau, a Director of the Company, Jonathan Forster and Craig Banfield are shareholders and Directors of Carpathian. In addition Philip Adeane and Michael Ebsary, Directors of the Company, are Directors of Carpathian. Carpathian's major shareholder is Mavinaur LLP, a limited liability partnership of which Peter Lehner (a former Director of the Company, retired November 29, 2002) is the principal partner. Peter Lehner is the Chairman and a Director of Carpathian. Addax Mining & Metals Limited, the Company's major shareholder, is a shareholder of Carpathian.

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

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

(d) Balances with M.D. Coulter & Associates Inc., a company owned by Michael Coulter a former Director (retired June 24, 2002) and a former Secretary (retired July 31, 2002) of the Company, represent amounts owing for fees, services and disbursements. Administration services provided by M.D. Coulter & Associates Inc. comprise administrative, accounting, rent and secretarial services.

(e) Professional services provided by Fasken Martineau DuMoulin LLP, a law firm to which Robert Shirriff, a Director of the Company, is counsel. In addition to the value of transactions included in the determination of results of operations for the period Fasken Martineau DuMoulin LLP provided professional services in connection with share offerings made by the Company at a cost of US$57,437 (2001 US$69,000). Fees relating to such transactions have been charged against the gross proceeds of the related share offerings. In addition to the value of transactions included in the determination of results of operations for the period Fasken Martineau DuMoulin LLP provided professional services in connection with the Company's exploration properties at a cost of US$12,914 (2001 US$Nil). In accordance with the Company's accounting policy for exploration and development costs, such costs have been capitalized by property.

(f) Professional services provided by Macleod Dixon LLP, a law firm of which Richard Lachcik (a former Director of the Company, retired November 26, 2001) is a partner. In addition to the value of transactions included in the determination of results of operations for the period Macleod Dixon LLP provided professional services in connection with share offerings made by the Company at a cost of US$2,990 (2001 US$192,000). Fees relating to such transactions have been charged against the gross proceeds of the related share offerings.

6. Income Taxes

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

	2002	2001
Assets		
Net operating losses (expiring 2003 through to 2009)	**490**	410
Canadian exploration and development costs	**748**	518
Foreign exploration and development costs	**79**	79
Share issue cost and other	**168**	–
Total	**1,485**	1,007
Valuation allowances	**(1,485)**	(1,007)
	–	–

As at December 31, 2002 the Company had the following approximate tax loss carry forwards available, to the extent permitted by tax regulations, to reduce future income taxes:

(a) Non-capital losses of approximately US$1,556,000 expiring between 2003 and 2009.

(b) Canadian exploration and development costs of approximately US$2,015,000. Of this amount approximately US$169,000 is restricted.

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

7. Financial Instruments

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

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

8. Financial Statements Prior to Completion of RTO Transaction

The balance sheet of Asquith Resources Inc. immediately prior to completion of the RTO Transaction was as follows:

Balance Sheet
(Stated in thousands of Canadian dollars)

As at November 20, 2001	
Assets	
Current assets	
Cash and cash equivalents	6
Prepaid expenses and sundry debtors	22
Deferred acquisition costs	534
	562
Exploration and development costs	3,137
	3,699
Liabilities and shareholders' equity	
Current liabilities	
Accounts payable and accrued liabilities	457
Advance from joint venture partner	103
Due to related parties	64
	624
Shareholders' equity	
Share capital	8,971
Deficit	(5,896)
	3,699

The statement of operations and deficit of Asquith Resources Inc. for the period January 1, 2001 to November 20, 2001 (i.e. immediately prior to completion of the RTO Transaction) was as follows:

Statement of Operations and Deficit
(Stated in thousands of Canadian dollars)

Period ended November 20, 2001	
Revenue	–
Expenses	
Administration	188
Write-down of exploration and development costs	3
Gain on foreign exchange	(2)
	189
Other income	
Interest income	–
Net loss for the period	189
Deficit, beginning of period	5,707
Deficit, end of period	5,896

The statement of cash flows of Asquith Resources Inc. for the period January 1, 2001 to November 20, 2001 (i.e. immediately prior to completion of the RTO Transaction) was as follows:

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

Statement of Cash Flows
(Stated in thousands of Canadian dollars)

Period ended November 20, 2001	
Operating activities	
Net loss for the period	(189)
Write-down of exploration and development costs	3
Change in working capital	(76)
Net cash outflow from operating activities	(262)
Investing activities	
Exploration and development costs	60
Net cash inflow from investing activities	60
Financing activities	
Issuance of common shares	100
Advance from joint venture partner	93
Related parties	5
Net cash inflow from financing activities	198
Net cash outflow from operations	(4)
Cash and cash equivalents, beginning of period	10
Cash and cash equivalents, end of period	6

9. Segmented Information

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

10. Subsequent Events

(a) On January 3, 2003 the Company concluded a second closing to the non-brokered private placement closed on December 30, 2002 for 333,333 Units (total proceeds Cdn$99,999.90) – see note 4(b);

(b) On January 21, 2003 25,000 compensation options were exercised at Cdn$0.25 each, for total gross proceeds of Cdn$6,250 – see note 4(e);

(c) On February 3, 2003 55,000 stock options were exercised at Cdn$0.25 each, for total gross proceeds of Cdn$13,750 – see note 4(c);

(d) On February 24, 2003 46,500 compensation options were exercised at Cdn$0.35 each, for total gross proceeds of Cdn$16,275 – see note 4(e);

(e) On February 25, 2003 100,000 stock options were exercised at Cdn$0.25 each, for total gross proceeds of Cdn$25,000 – see note 4(c);

(f) On April 1, 2003 25,000 stock options were exercised at Cdn$0.25 each, for total gross proceeds of Cdn$6,250 – see note 4(c); and

(g) On April 10, 2003 the Company entered into a loan agreement with its major shareholder Addax Mining & Metals Limited ("AMM"), pursuant to which the Company has agreed to borrow the principal amount of US$500,000 to be repaid with interest by December 31, 2003. Interest is computed on the basis of a 360 day year at an interest rate corresponding to LIBOR plus 2% per annum. In the event that the principal amount plus interest is not repaid by December 31, 2003:
   (i) a default interest rate of LIBOR plus 3% will apply; and
   (ii) AMM will have the option to convert up to 40% of any amount still outstanding past December 31, 2003 into common shares of the Company.

11. Comparative Figures

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

Officers and Directors

OFFICERS

Jean Claude Gandur
Chairman and Director

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

Dr. Michael Martineau
Deputy Chairman, President and Director

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

Dr. Jonathan Forster
Chief Executive Officer and Director

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

Craig Banfield
Chief Financial Officer and Secretary

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

DIRECTORS

Philip Adeane
Managing Director of Antofagasta Plc, a copper and gold mining and rail transportation company

Mr. Adeane became a director of SAMAX Resources Limited in 1994 and of SAMAX Gold Inc. in 1996. Mr. Adeane was appointed a director of AXMIN in July 1999 and was elected Chairman in October 2000, a post he held until December 2002.

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

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

Robert Jackson
Business Consultant

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

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

Mr. Shirriff has over 36 years experience in the field of commercial and corporate law and has acted for a number of corporations operating in Canada and internationally. He became a director of SAMAX Gold Inc. in 1996. Mr. Shirriff was appointed a director of AXMIN in July 1999.

Dr. Henrik Thalenhorst
Senior Geologist, Strathcona Mineral Services Limited

Dr. Thalenhorst graduated with a DrSc from the University of Munich in 1958. He has over 26 years experience in the international mining industry. Dr. Thalenhorst was appointed a director of AXMIN in June 1990.

Corporate Information

Officers

Jean Claude Gandur, Chairman

Michael Martineau, Deputy Chairman & President

Jonathan Forster, Chief Executive Officer

Craig Banfield, Chief Financial Officer & Secretary

Directors

Philip Adeane [1,2]

Michael Ebsary [1,2]

Jonathan Forster [3]

Jean Claude Gandur

Robert Jackson [2]

Michael Martineau [3]

Robert Shirriff [1]

Henrik Thalenhorst [3]

1 Compensation Committee
2 Audit Committee
3 Technical Committee

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Canada

Annual Meeting

The Annual Meeting of Shareholders will be held at: 10:30 am (EST) on Monday, June 23, 2003 at the offices of
Fasken Martineau DuMoulin LLP
Toronto Dominion Bank Tower
Suite 4200
Toronto-Dominion Centre
66 Wellington Street West
Toronto, Ontario M5K 1N6
Canada

Auditors

Ernst & Young LLP
Toronto, Ontario, Canada

Legal Counsel

Fasken Martineau DuMoulin LLP
Toronto, Ontario, Canada

Transfer Agent

Computershare Trust Company of Canada
Toronto, Ontario, Canada
Tel: 416 981 9500 (Canada)
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Stock Listing

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

Common Shares Outstanding

(As at December 31, 2002)
72.4 million

Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands

Designed and Produced by Stratagem Marketing & Design | Printed in Canada

For further information regarding AXMIN visit our website at **www.axmin.com**