

# Asquith Resources Inc. And AXMIN Limited Agree To Merge

June 25, 2001

TORONTO, ONTARIO--Asquith Resources Inc. ("Asquith") (YAQ-CDNX) and AXMIN Limited ("AXMIN") are pleased to announce that they have reached an agreement in principle to merge the companies, with 4.36 shares of Asquith to be exchanged for each AXMIN share (the "Transaction"). This will result in the companies' African gold exploration projects being consolidated into one company with a highly experienced management group to direct the combined company. Asquith and AXMIN have an existing joint venture relationship in the Roandji gold project in the Central African Republic, in which the parties have a 49% and 51% interest, respectively.

The merger will be completed by way of a share exchange offer by Asquith to the AXMIN shareholders. As defined by Canadian Venture Exchange (the "Exchange") Policy 5.2 the Transaction will constitute a Reverse Take-over ("RTO") of Asquith by the AXMIN shareholders.

The companies have agreed to a share exchange that will result in each AXMIN share being exchanged for 4.36 common shares of Asquith, resulting in the issuance of a total of 34,506,532 Asquith shares to the AXMIN shareholders. AXMIN currently has 7,907,500 shares issued and outstanding. Upon completion of the share exchange, Asquith's existing shareholders will hold 26.25% of the combined company and AXMIN's shareholders will hold 73.75%. Assuming completion of the Transaction, Asquith will have 46,788,518 common shares outstanding before the financing described below. The exchange ratio was reached after agreement between the companies on the value of their respective assets. The negotiations took into consideration an independent valuation opinion prepared by a consultant on the estimated fair market value of the exploration properties held by Asquith and AXMIN.

During the mid 1990's the AXMIN management group headed SAMAX Gold Inc. ("SAMAX"), a company listed on The Toronto Stock Exchange. The SAMAX team was responsible for the discovery of multi-million ounce gold deposits at both the Kukuluma and Golden Pride properties in Tanzania. These discoveries provided a base for the development of Tanzania's first two modern gold mines. In late 1998, Ashanti Goldfields Company Limited ("Ashanti") purchased SAMAX for a total consideration of CDN \$213 million in cash and shares.

AXMIN, a private company incorporated in the British Virgin Islands, was founded by Dr. Michael Martineau, Dr. Jonathan Forster and The Addax & Oryx Group Limited ("AOG") in 1999. Dr. Martineau has 32 years of experience in mineral exploration, development and production and 20 years of experience in African projects. Dr. Forster has 21 years geological and mineral exploration experience, including 3 years as a senior resource analyst at a brokerage firm.

AXMIN reports its financial information in United States' dollars. AXMIN's financial statements for the year ended December 31, 2000 have been audited and the accounts for the three months ended March 31, 2001 are unaudited.

As at December 31, 2000, AXMIN had total assets of US\$4,570,578 (consisting of exploration properties of US\$4,279,275, and current and other assets of US\$291,303), total liabilities of US\$24,758 and shareholders' equity of US\$4,545,820. For the year ended December 31, 2000 AXMIN reported an

operating loss of US\$817,273, consisting of administration expenses of US\$438,629, exploration costs written off of US\$410,950 and net interest receivable of US\$32,306.

As at March 31, 2001, AXMIN had total assets of US\$5,443,464 (consisting of exploration properties of US\$4,764,417, and current and other assets of US\$679,047), total liabilities of US\$9,970 and shareholders' equity of US\$5,433,494. For the three months ended March 31, 2001 AXMIN reported an operating loss of US\$112,326 consisting of administration expenses of US\$117,554 and net interest receivable of US\$5,228.

AXMIN's exploration properties are located in the Central African Republic (the Roandji property is jointly held with Asquith), Mali, Tanzania, Ghana and Senegal.

To date, AXMIN's principal source of financing has been AOG (a private company incorporated in the British Virgin Islands with executive management based mainly in Europe). AOG, founded in 1987, has created an integrated African oil business which markets crude oil and refined products to and from west and east African countries and is also involved in the redevelopment of certain African oil fields, shipping, storage and retail distribution of oil products and bunkering in Africa. AOG has annual revenues of US\$3.1 billion. AOG holds its interest in AXMIN through a wholly-owned subsidiary, Adryx Mining & Metals Limited ("Adryx"), a company incorporated in Luxembourg.

Adryx presently holds 7,000,000 shares of AXMIN representing an 88.5% interest. Following the completion of the Transaction, Adryx will hold 30,546,408 common shares of the combined company representing approximately 65.29%. As part of the negotiations between the companies, Adryx has agreed to enter into a standstill agreement whereby it has agreed not to sell any of its shares for a period of 24 months following the completion of the Transaction. The remaining 11.5% of AXMIN is owned by its directors, senior management and employees, including Dr. Martineau and Dr. Forster. They beneficially hold 420,000 and 346,950 shares of AXMIN representing 5.3% and 4.4%, respectively.

AOG's senior officers are as follows: Jean-Claude Gandur (Swiss), Chairman; Marc Lorenceau (French), Group Executive; Pedro de Almeida (Portuguese), Executive Vice-President; Jean-Pierre Carles (French/Swiss), Executive Vice-President; Richard Marchand (Canadian), Secretary; Michael Mills (British), Chief Financial Officer.

AOG has further advised that it has three shareholders who each beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of AOG's outstanding shares. These shareholders are Jean-Claude Gandur, Monique Lorenceau (French) and Eolia Co. Limited (a private Bermuda company). Monique Lorenceau is related to Marc Lorenceau. The beneficial owner of Eolia Co. Limited is the family of Stephen de Heinrich (Canadian).

Completion of the Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance, Asquith shareholder approval, completion of the Minimum Financing (as defined below), satisfactory completion of due diligence reviews and the entering into of a formal share exchange agreement. The Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Property Holdings

Following the completion of the Transaction, the combined company will control an impressive package of mineral exploration properties covering 2,883 km<sup>2</sup> (288,288 hectares) located in five sub-Saharan African countries: Central African Republic, Mali, Tanzania, Ghana and Senegal. These land holdings are located in highly prospective Precambrian geological environments. The largest sources of gold production in Africa are in similar Archean greenstone belt and paleo-placer settings. These settings are known to exist in the Central African Republic, Tanzania, Democratic Republic of the Congo, and the Republic of South Africa. The second largest source of gold production in Africa is the Lower Proterozoic Birimian (shear zone hosted quartz veins in volcanic-sedimentary terrain) and Tarkwaian-type (paleo-placer gold deposits), originally discovered in Ghana and subsequently elsewhere in the West African Craton including Mali and Senegal.

The combined company's Roandji (Central African Republic) and Kofi (Mali) projects have encountered potentially significant gold mineralisation in drill holes and warrant additional drilling. The Roandji and Kofi projects as well as the Satifara (Mali), Cape Three Points (Ghana) and Sounkounkou (Senegal) projects all have gold occurrences and gold in-soil geochemical anomalies that have not been drilled and warrant follow-up drilling.

During the 2000 program on the Roandji project, an extensive area of high-grade iron formation (63% to 69% total iron, equivalent to 90% to 99% Fe<sub>2</sub>O<sub>3</sub>), based on surface sampling, known as the Topa Iron Ore deposit was discovered. The surface area mapped and the observed thickness of the iron formation indicate potential for very large tonnage.

#### Financing

Asquith and AXMIN have entered into an engagement agreement with Haywood Securities Inc. ("Haywood") whereby Haywood, subject to completion of satisfactory due diligence, has agreed to act as sponsor (pursuant to policies of the Exchange) in connection with the Transaction.

An agreement to sponsor should not be construed as any assurance with respect to the merits of the Transaction or the likelihood of completion.

Haywood has further agreed to act as lead agent in connection with an equity financing of the combined company to raise an amount of CDN \$3 to 5 million on a best efforts basis. It is currently proposed that the financing will be completed by way of a fully marketed prospectus offering with closing to occur simultaneously with completion of the Transaction. Haywood will receive a fee equal to 6% of the gross proceeds raised by way of the prospectus financing and compensation options entitling Haywood to subscribe for 10% of the number of securities issued pursuant to the financing.

Funds raised by way of the prospectus offering will be used by the combined company to finance continued exploration of its properties and for working capital. Completion of the Transaction is conditional on a minimum of CDN \$3 million being raised by way of the prospectus financing (the "Minimum Financing").

AOG, through its subsidiary Adryx, has agreed to invest US\$500,000 in the prospectus financing of the combined company.

## Officers

Following the completion of the Transaction, the senior officers of the combined company will be Philip Adeane, as Chairman, Michael Martineau, as President, and Jonathan Forster, as Chief Executive Officer. Craig Banfield will act as the Chief Financial Officer of the combined company and Michael Coulter will act as Secretary.

## Directors

The Board of Directors of the combined company will initially consist of nine members. These are anticipated to be Michael Martineau, Jonathan Forster, Philip Adeane, Robert Shirriff, Henrik Thalenhorst, Robert Jackson, Michael Coulter and two nominees of AOG being Michael Mills (who resides in London, United Kingdom and is Chief Financial Officer of AOG as stated above) and Peter Lehner (who resides in Geneva, Switzerland and is Managing Director of Addax & Oryx Advisory Services S.A., a company which provides administration services to AOG). Drs. Martineau and Forster and Messrs. Adeane, Shirriff, Mills and Lehner are presently directors of AXMIN. Dr. Thalenhorst and Messrs. Jackson and Coulter are presently directors of Asquith.

## Selected Biographies

The following are summary biographies of selected management and directors of AXMIN:

### Dr. Michael P. Martineau

Dr. Martineau (who resides in Hildenborough, United Kingdom) is the President and a director of AXMIN. In 1989, Dr. Martineau founded SAMAX Resources Limited with the backing of AOG. This group was listed on The Toronto Stock Exchange as SAMAX in 1996 with Dr. Martineau as President and Chief Executive Officer. Following the sale of SAMAX to Ashanti in 1998, Dr. Martineau co-founded AXMIN in 1999. Dr. Martineau has over 30 years experience in the international mining industry and is currently a director of several resource companies including Ashanti. Dr. Martineau graduated as a geologist from Oxford University and is a Fellow of the Institute of Mining and Metallurgy.

### Dr. Jonathan J. Forster

Dr. Forster (who resides in Eythorne, United Kingdom) is the Chief Executive Officer and a director of AXMIN. Dr. Forster joined SAMAX Resources Limited in 1992 as Manager, West Africa and was appointed Group Exploration Manager for SAMAX in 1997 where he was responsible for exploration and project evaluation in West, Central and East Africa, including Tanzania. Following the sale of SAMAX to Ashanti in 1998, Dr. Forster co-founded AXMIN in 1999 and was the General Manager of AXMIN prior to being appointed Chief Executive Officer in January 2001. Dr. Forster graduated in geology from the University of Birmingham and gained a Ph.D. from the University of London, has an MBA from the Cranfield School of Management and is a Fellow of the Geological Society of London.

### Philip J. Adeane

Mr. Adeane (who resides in London, United Kingdom) is a director and Chairman of AXMIN. Mr Adeane has been managing director of Antofagasta Plc (listed on The London Stock Exchange) since 1979. Antofagasta has developed both gold and copper mining operations as well as rail transportation and industrial holdings in Chile. Its world class Los Pelambres mine has made Antofagasta one of the top ten copper producing companies in the world. Mr. Adeane became a non-executive director of SAMAX Resources Limited in 1994 and of SAMAX in 1996. He was appointed non-executive director of AXMIN in July 1999 and was elected Chairman in October 2000.

Robert L. Shirriff

Mr. Shirriff (who resides in Toronto, Ontario) is a director of AXMIN. Mr. Shirriff joined the law firm of Fasken Martineau DuMoulin LLP in 1958 and has been a partner of the firm since 1965. He has over 35 years experience in the field of commercial and corporate law and has acted for a number of companies engaged in the mining and natural resource industry. He is currently a director of a number of corporations operating in Canada and internationally. Mr. Shirriff became a non-executive director of SAMAX in 1996 and non-executive director of AXMIN in July 1999. Mr. Shirriff graduated from the University of Toronto with a Bachelor of Law degree in 1956.

Craig M.J. Banfield

Mr. Banfield (who resides in Amersham, United Kingdom) is Chief Financial Officer of AXMIN. He joined SAMAX Resources Limited in 1994 as Financial Controller and Company Secretary. Mr. Banfield was a key member of the team which listed SAMAX on The Toronto Stock Exchange in 1996. Following the sale of SAMAX to Ashanti in 1998, Mr. Banfield has been Finance Director for a mobile telecommunications manufacturer and in 2000 established a consultancy offering professional services to the resource industry. He joined AXMIN in April 2001, to provide financial and corporate management. Mr. Banfield graduated from the University of Lancaster in 1987 with an M.A. in Accounting and Finance and qualified as a Chartered Accountant in 1991, and is an Associate of the Institute of Chartered Accountants in England and Wales.

Incentive Stock Options

The companies propose to submit to the Asquith shareholders for approval a new incentive Stock Option Plan in compliance with the policies of the Exchange. It is presently contemplated that the Plan would provide for a pool of options to be created equal to 12% of the combined companies' issued shares post completion of the Transaction and financing. Options granted pursuant to the Stock Option Plan will be available for grant to directors, officers, employees and consultants of the combined company and its subsidiaries.

Pursuant to the terms of the agreement reached between the companies, subject to Exchange approval, the currently outstanding stock options of Asquith totalling 535,000 options (exercisable at CDN\$0.25) will remain valid after the Transaction for a period of eighteen months.

Further Information

As a result of these negotiations with AXMIN, Asquith has delayed calling its annual shareholders' meeting. The Management Information Circular to be distributed in conjunction with the calling of Asquith's shareholder meeting will include complete details regarding the proposed merger with AXMIN. Management of Asquith currently contemplates that the said shareholders' meeting will take place some time in the second half of August 2001. In the interim, Asquith distributed its audited financial statements for the year ended December 31, 2000 to its beneficial shareholders through a special mailing during the week of May 14, 2001.

Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the Transaction, any information released or received with respect to the RTO may not be accurate or complete and should not be relied upon. Trading in the securities of Asquith should be considered highly speculative.

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