

AFRASIA MINERAL FIELDS INC.

Condensed Interim Financial Statements

Six months ended November 30, 2011 and 2010

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

AFRASIA MINERAL FIELDS INC.

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Notice of no Auditor Review

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AFRASIA MINERAL FIELDS INC.

NOTICE TO READER

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

January 24, 2012

AFRASIA MINERAL FIELDS INC.

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars – Unaudited)

	Note	November 30, 2011	May 31, 2011	June 1, 2010
Assets				
Current assets				
Cash and cash equivalents	3	\$ 144,607	\$ 227,806	\$ 132,203
Receivables	4	8,339	6,427	6,893
Prepays		506	–	5,000
Advances receivable		–	–	591,561
		153,452	234,233	735,657
Property and equipment	5	4,458	984	1,440
		\$ 157,910	\$ 235,217	\$ 737,097
Liabilities and Shareholders' Equity				
Current liabilities				
Trade payables and accrued liabilities	6	\$ 11,243	\$ 16,622	\$ 121,457
Due to related parties	8	19,600	131	1,264
Loans payable		–	–	152,000
		30,843	16,753	274,721
Shareholders' Equity				
Share capital	7	8,349,105	8,349,105	8,318,291
Share subscriptions		–	–	117,000
Equity reserves	7	204,669	204,669	204,669
Deficit		(8,426,707)	(8,335,310)	(8,177,584)
		127,067	218,464	462,376
		\$ 157,910	\$ 235,217	\$ 737,097

Nature and continuance of operations (Note 1)

The accompanying notes form an integral part of these condensed interim financial statements.

AFRASIA MINERAL FIELDS INC.

Condensed Interim Statements of Changes in Equity (Expressed in Canadian Dollars – Unaudited)

	Share Capital		Share Subscriptions	Equity Reserves	Deficit	Total Equity
	Number of Shares	Amount				
Balance, June 1, 2010	19,826,663	\$ 8,318,291	\$ 117,000	\$ 204,669	\$ (8,177,584)	\$ 462,376
Net loss for the period	–	–	–	–	(49,748)	(49,748)
Refund of share subscriptions	–	–	(117,000)	–	–	(117,000)
Share issuance costs	–	(2,186)	–	–	–	(2,186)
Balance, August 31, 2010	19,826,663	8,316,105	–	204,669	(8,227,332)	293,442
Net loss for the period	–	–	–	–	(37,806)	(37,806)
Balance, November 30, 2010	19,826,663	8,316,105	–	204,669	(8,265,138)	255,636
Net loss for the period	–	–	–	–	(30,502)	(30,502)
Shares issued on debt settlement	200,000	33,000	–	–	–	33,000
Balance, February 28, 2011	20,026,663	8,349,105	–	204,669	(8,295,640)	258,134
Net loss for the period	–	–	–	–	(39,670)	(39,670)
Balance, May 31, 2011	20,026,663	8,349,105	–	204,669	(8,335,310)	218,464
Net loss for the period	–	–	–	–	(50,926)	(50,926)
Balance, August 31, 2011	20,026,663	8,349,105	\$ –	204,669	(8,386,236)	167,538
Net loss for the period	–	–	–	–	(40,471)	(40,471)
Balance, November 30, 2011	20,026,663	\$ 8,349,105	\$ –	\$ 204,669	\$ (8,426,707)	\$ 127,067

The accompanying notes form an integral part of these condensed interim financial statements.

AFRASIA MINERAL FIELDS INC.

Condensed Interim Statements of Comprehensive Loss (Expressed in Canadian Dollars – Unaudited)

	Note	Three months ended November 30,		Six months ended November 30,	
		2011	2010	2011	2010
Expenses:					
Amortization		\$ 241	\$ 166	\$ 385	\$ 333
Consulting		–	–	10,688	–
Management fees	8	7,500	7,500	15,000	15,000
Office and administration	8	10,864	14,052	23,425	29,652
Professional fees		4,475	3,792	4,803	18,038
Regulatory and transfer agent fees		4,400	4,489	5,734	6,783
Rent		6,792	6,097	11,535	11,119
Travel and promotion		4,954	531	17,718	4,270
Wages and benefits		1,517	1,179	2,929	2,359
Loss before other item		(40,743)	(37,806)	(92,217)	(87,554)
Other item:					
Interest Income		272	–	820	–
Net and comprehensive loss		\$ (40,471)	\$ (37,806)	\$ (91,397)	\$ (87,554)
Loss per common share					
Basic and diluted		\$ (0.002)	\$ (0.002)	\$ (0.005)	\$ (0.004)
Weighted average number of common shares outstanding					
Basic and diluted		20,026,663	19,826,663	20,026,663	19,826,663

The accompanying notes form an integral part of these condensed interim financial statements.

AFRASIA MINERAL FIELDS INC.

Condensed Interim Statements of Cash Flows (Expressed in Canadian Dollars – Unaudited)

	Note	Three months ended November 30,		Six months ended November 30,	
		2011	2010	2011	2010
Cash used in:					
Operating:					
Net loss and comprehensive loss		\$ (40,471)	\$ (37,806)	\$ (91,397)	\$ (87,554)
Item not involving cash:					
Amortization	5	241	166	385	333
Changes in non-cash working capital:					
Receivables		(1,067)	(6,129)	(1,912)	(6,142)
Prepays		4,045	–	(506)	5,000
Trades payable and accrued liabilities		(18,368)	(106,982)	(5,379)	(85,187)
Due to related parties		3,151	(20,595)	19,469	(1,264)
		(52,469)	(171,346)	(79,340)	(174,814)
Investing:					
Advances receivable	1	–	600,000	–	591,561
Acquisition of property and equipment	5	–	–	(3,859)	–
Loan Payable		–	(152,000)	–	(152,000)
		–	448,000	(3,859)	439,561
Financing:					
Proceeds on share issuance, net of costs	7	–	–	–	(2,185)
Share subscriptions	7	–	–	–	(117,000)
		–	–	–	(119,185)
Change in cash and cash equivalents		(52,469)	276,654	(83,199)	145,562
Cash and cash equivalents, beginning		197,076	1,111	227,806	132,203
Cash and cash equivalents, ending		\$ 144,607	\$ 277,765	\$ 144,607	\$ 277,765
Cash		\$ 4,807	\$ 277,765	\$ 4,807	\$ 277,765
Cash equivalents		139,800	–	139,800	–
		\$ 144,607	\$ 277,765	\$ 144,607	\$ 277,765

The accompanying notes form an integral part of these condensed interim financial statements.

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars, unless otherwise stated – Unaudited)
Six months ended November 30, 2011 and 2010

1. NATURE AND CONTINUANCE OF OPERATIONS

Afrasia Mineral Fields Inc. (the “Company”) was incorporated on June 24, 1986 under the laws of British Columbia. The Company was listed on the TSX Venture Exchange (“TSX-V”) under the symbol “AFS” and on September 29, 2008 the Company’s listing was transferred from the TSX-V to the NEX board of the TSX-V. Effectively, the trading symbol for the Company changed from “AFS” to AFS.H”.

The Company’s head office, principle address and records office is Suite 2050-1055 West Georgia Street, PO Box 11121, Royal Centre, Vancouver, BC V6E 3P3. The registered office is Suite 700-595 Burrard St., PO Box 49290, Vancouver, BC V7X 1S8.

On February 25, 2010, the Company entered into a Definitive Agreement (the “Agreement”) to purchase 100% of the shares of 0830438 BC Ltd. (the “Seller”), a private company incorporated in BC. The Seller's wholly-owned US subsidiary owns the subsurface mining rights and is leasing those surface mining rights necessary to explore, rebuild and operate the Oracle Ridge Project located near Tucson, Arizona.

On August 12, 2010, the Company terminated the Agreement by mutual consent of the parties. As a result of the termination, the Company wrote-off \$121,970 in costs related to the Agreement consisting mainly of regulatory, legal and audit costs.

In addition, the Company advanced a total of \$600,000 to the Seller pursuant to the terms of the Agreement, which consisted of acquisition costs and travel expenses related to the Oracle Ridge Project, as well as regulatory, legal and audit costs related to the Agreement. Upon termination of the Agreement, the Seller fully repaid the Company the advanced amounts.

The Company is continuing to identify, evaluate and negotiate business opportunities in the resource industry.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. To date, the Company has not generated any significant revenues.

These condensed interim financial statements do not include any adjustments relating to the recoverability and classification of asset and liabilities which might be necessary should the Company be unable to continue in existence.

The Company has never paid dividends.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The interim financial statements were authorized for issue on January 24, 2012 by the directors of the Company.

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars, unless otherwise stated – Unaudited)
Six months ended November 30, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Statement of compliance and conversion to International Financial Reporting Standards (“IFRS”)

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these interim financial statements comply with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”.

The Company’s transition date to IFRS is June 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, “First-time adoption of International Financial Reporting Standards”. In preparing the Company’s first IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with Canadian generally accepted accounting principles (“GAAP”).

Historical results and balances have been restated under IFRS.

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the Company’s audited GAAP annual financial statements for the year ended May 31, 2011 and in consideration of the disclosures regarding the transition from Canadian GAAP to IFRS included in Note 9. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these interim financial statements nor is it in the Company’s most current annual GAAP financial statements.

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. These condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars, unless otherwise stated – Unaudited)
Six months ended November 30, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Significant accounting judgements, estimates and assumptions (cont'd)

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of property and equipment, fair value measurements for financial instruments and share-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Financial instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), loans and receivables, held-to-maturity investments (“HTM”), and available-for-sale (“AFS”). The Company classifies its financial liabilities as either at FVTPL or other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at FVTPL when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Transaction costs are expensed as incurred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at their fair value including transaction costs and are subsequently measured at amortized cost.

HTM investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. HTM investments are recognized on a trade-date basis and initially measured at fair value using the effective interest method, including transaction costs. They are subsequently measured at amortized cost. .

AFS financial assets are non-derivative financial assets that are designated as AFS or are not suitable to be classified as financial assets at FVTPL, loans and receivables or HTM investments. AFS financial assets are measured initially at their fair value including transaction costs directly attributable to the acquisition. They are subsequently measured at fair value. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses, with interest calculated using the effective interest method and foreign exchange gains and losses.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end.

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments (cont'd)

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

The Company has classified its cash and cash equivalents as at FVTPL; receivables as loans and receivables; and trade payables and accrued liabilities and due to related parties as other financial liabilities.

The Company does not have any derivative financial assets and liabilities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Due to the short-term maturity of the Company's existing financial assets and liabilities, the carrying value approximates the fair value and no classification in the hierarchy is made.

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Cash and cash equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid short-term investments with remaining maturities at point of purchase of 90 days or less.

Property and equipment

Property and equipment are recorded at cost and are amortized over their estimated useful lives at the following rates:

Computer	–	55%	declining balance method
Furniture	–	20%	declining balance method
Equipment	–	20%	declining balance method
Leasehold improvements	–	5 years	straight-line method

In the year of acquisition, only one-half of the amortization is recorded.

Where an item of property and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment. The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

Impairment of long-lived assets

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit (“CGU”), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Impairment of long-lived assets (cont'd)

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Units

The proceeds from the issue of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to capital stock based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Share-based payments

The Company operates an employee share option plan. The fair value of share-based payments to employees is measured at grant date using the Black-Scholes option pricing model, and is recognized over the vesting period using the graded method. The fair value of share-based payments to non-employees is measured at the date the goods or services are received, at either the fair value of the goods or services received or the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value is recognized as an expense with a corresponding increase in contributed surplus. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Income taxes (cont'd)

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Loss per share

Loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of:

	November 30, 2011	May 31, 2011
Bank deposits	\$ 4,807	\$ 17,806
Guaranteed investment certificate	139,800	210,000
	\$ 144,607	\$ 227,806

Cash equivalents consists of a highly liquid Canadian dollar denominated guaranteed investment certificate (“GIC”) with a remaining term to maturity at the point of purchase of ninety days or less. The GIC earned a variable annual interest of approximately 1.05%, allowed for early redemption after the first 30 days of investment and matured on December 5, 2011. The counter-party is a financial institution.

As at November 30, 2011, the GIC accrued \$1,347 (May 31, 2011 - \$1,067) in interest receivable. This amount is included in receivables (Note 4).

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
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Six months ended November 30, 2011 and 2010

4. RECEIVABLES

	November 30, 2011	May 31, 2011
Harmonized Sales Tax credits	\$ 6,992	\$ 5,003
Interest accrued on GIC (Note 3)	1,347	1,067
Other receivables (Note 8(c))	–	357
	\$ 8,339	\$ 6,427

5. PROPERTY AND EQUIPMENT

	Computer	Equipment	Furniture	Leasehold improvements	Total
Cost:					
At June 1, 2010 and May 31, 2011	\$ –	\$ 5,063	\$ 1,772	\$ 2,522	\$ 9,357
Acquisition	1,551	–	–	2,308	3,859
Disposal	–	–	–	(2,522)	(2,522)
At November 30, 2011	1,551	5,063	1,772	2,308	10,694
Amortization:					
At June 1, 2010	–	4,356	1,249	2,312	7,917
Amortization	–	141	105	210	456
At May 31, 2011	–	4,497	1,354	2,522	8,373
Amortization	171	57	42	115	385
Eliminated on disposal	–	–	–	(2,522)	(2,522)
At November 30, 2011	171	4,554	1,396	115	6,236
Net book value:					
At June 1, 2010	\$ –	\$ 707	\$ 523	\$ 210	\$ 1,440
At May 31, 2011	\$ –	\$ 566	\$ 418	\$ –	\$ 984
At November 30, 2011	\$ 1,380	\$ 509	\$ 376	\$ 2,193	\$ 4,458

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	November 30, 2011	May 31, 2011
Trade payables	\$ 6,430	\$ 609
Accrued liabilities	4,813	16,013
	\$ 11,243	\$ 16,622

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars, unless otherwise stated – Unaudited)
Six months ended November 30, 2011 and 2010

7. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued – common shares

There were no share issuances during the six months ended November 30, 2011.

During the year ended May 31, 2011, the Company

- (i) issued 200,000 units at a fair value of \$0.165 per unit on the settlement of outstanding debt of \$33,000 for legal services provided to the Company in fiscal 2010 in connection with the terminated Agreement (Note 1). Each unit consisted of one common share of the Company and one transferable share purchase warrant entitling the creditor to purchase an additional common share for a period of 12 months from the issue date at a price of \$0.22 per share. The Company has not allocated a fair value to the warrants issued to the creditor.
- (ii) refunded \$117,000 in share subscriptions received in connection to a non-brokered private placement at \$0.50 per unit, which was cancelled due to the termination of the Agreement (Note 1).
- (iii) recorded \$2,185 in share issuance costs relating to a non-brokered private placement completed in fiscal 2010.

(c) Share options

The Company maintains a 10% rolling share option plan (the “Plan”) that enables management to grant options to directors, officers, employees and other service providers. The Company follows the Exchange policies where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options.

The following table summarizes the share options outstanding and exercisable at November 30, 2011 and May 31, 2011:

Number of Options	Exercise Price	Expiry date	Exercisable
209,000	\$ 0.35	April 4, 2012	209,000

AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements
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Six months ended November 30, 2011 and 2010

7. SHARE CAPITAL (cont'd)

(c) Share options (cont'd)

There were no options granted during the six months ended November 30, 2011 or during the year ended May 31, 2011.

A summary of the status of the options outstanding is as follows:

	November 30, 2011		May 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	214,000	\$ 0.35	573,000	\$ 0.36
Expired	(5,000)	(0.35)	(359,000)	(0.36)
Options outstanding, end of period	209,000	\$ 0.35	214,000	\$ 0.35
Options exercisable, end of period	209,000	\$ 0.35	214,000	\$ 0.35

(d) Warrants

The following table summarizes the warrants outstanding at November 30, 2011 and May 31, 2011:

Number of Warrants	Exercise Price	Expiry Date
200,000	\$0.22	December 29, 2011 ⁽¹⁾

(1) Expired unexercised subsequent to the period ended November 30, 2011.

A summary of the status of warrants outstanding is as follows:

	November 30, 2011		May 31, 2011	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	200,000	\$ 0.22	1,000,000	\$ 0.35
Expired	–	–	(1,000,000)	(0.35)
Issued on debt settlement (Note 7(b)(i))	–	–	200,000	0.22
Warrants outstanding, end of period	200,000	\$ 0.22	200,000	\$ 0.22
Warrants exercisable, end of period	200,000	\$ 0.22	200,000	\$ 0.22

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8. RELATED PARTIES TRANSACTIONS

(a) On February 1, 2009, the Company entered into a management and administrative agreement with Varshney Capital Corp. (“VCC”), a company controlled by two common directors, whereby the Company agreed to pay management and administrative fees of \$2,500 and \$3,000 per month, respectively.

During the six months ended November 30, 2011, the Company incurred \$15,000 (2010 – \$15,000) for management fees and \$18,000 (2010 – \$18,000) for administrative fees to VCC. This is the total key management compensation for the period.

As at November 30, 2011, \$19,600 (May 31, 2011 - \$Nil) was due to VCC for management and administrative fees.

(b) The Company repaid \$131 that was due to a director of the Company as at May 31, 2011 for reimbursement of expenses.

(c) The Company received a recovery of office expenses of \$357 from companies with directors and officers in common that was included in receivables as at May 31, 2011 (Note 4).

9. TRANSITION TO IFRS

IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be May 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions from full retrospective application for first time IFRS adoption.

Optional Exemption

The Company has elected under IFRS 1 to not apply IFRS 2 to options that were granted on or before November 7, 2002 or to options that were granted subsequent to November 7, 2002 but vested before the date of transition to IFRS.

Mandatory Exceptions

The Company has applied the following mandatory exception to its opening statement of financial position dated June 1, 2010:

Estimates

In accordance with IFRS 1, an entity’s estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company’s IFRS estimates as of June 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

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9. TRANSITION TO IFRS (cont'd)

Adjustment on transition to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flow for comparative periods. The Company's adoption of IFRS did not have a significant impact on equity, loss and comprehensive loss and operating, investing or financing cash flows in the prior periods. As a result there were no adjustments to the statement of financial position, operations and cash flows. In preparing these condensed interim financial statements, the Company reflected the result of transition in the tables below.

Reconciliation of Assets, Liabilities and Equity

The below table provides a summary of the adjustments to the Company's statement of financial position at May 31, 2011, November 30, 2010, and June 1, 2010:

		May 31, 2011	November 30, 2010	June 1, 2010
Total assets per Canadian GAAP	\$	235,217	\$ 291,907	\$ 737,097
Adjustments required on adoption of IFRS		–	–	–
Total assets per IFRS	\$	235,217	\$ 291,907	\$ 737,097
Total liabilities per Canadian GAAP	\$	16,753	\$ 36,270	\$ 274,721
Adjustments required on adoption of IFRS		–	–	–
Total liabilities under IFRS		16,753	36,270	274,721
Total equity under Canadian GAAP		218,464	255,637	462,376
Adjustments required on adoption of IFRS		–	–	–
Total equity under IFRS		218,464	255,637	462,376
Total liabilities and equity under IFRS	\$	235,217	\$ 291,907	\$ 737,097

Reconciliation of Net Loss and Comprehensive Loss

The below table provided a summary of the adjustments to the Company's net loss for the year ended May 31, 2011 and the six months ended November 30, 2010:

		May 31, 2011	November 30, 2010
Net loss and comprehensive loss per Canadian GAAP	\$	(157,726)	\$ (87,554)
Adjustments required on adoption of IFRS		–	–
Net loss and comprehensive loss per IFRS	\$	(157,726)	\$ (87,554)

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9. TRANSITION TO IFRS (cont'd)

Reconciliation of Cash Flows

	May 31, 2011		November 30, 2010	
Operating activities per Canadian GAAP	\$	(224,772)	\$	(174,814)
Adjustments required on adoption of IFRS		–		–
Operating activities per IFRS	\$	(224,772)		(174,814)
Investing activities per Canadian GAAP	\$	591,561	\$	439,561
Adjustments required on adoption of IFRS		–		–
Investing activities per IFRS	\$	591,561		439,561
Financing activities per Canadian GAAP	\$	(271,186)	\$	(119,185)
Adjustments required on adoption of IFRS		–		–
Financing activities per IFRS	\$	(271,186)	\$	(119,185)