

# Anglo Aluminum Corp.

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2011

(Unaudited)

(Expressed in Canadian Dollars)

**MANAGEMENT'S COMMENTS ON  
UNAUDITED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Anglo Aluminum Corp. as at October 31, 2011 and the six months ended October 31, 2011 and 2010 have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

**ANGLO ALUMINUM CORP.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
**AS AT OCTOBER 31, 2011, APRIL 30, 2011 AND MAY 1, 2010**  
(Unaudited)  
(Expressed in Canadian Dollars)

<b>ASSETS</b>	<b>October 31, 2011</b>	<b>April 30, 2011 (Note 14)</b>	<b>May 1, 2010 (Note 15)</b>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 131,369	\$ 472,671	\$ 2,128,809
Amounts receivable	6,042	4,056	5,620
Due from related parties	-	-	1,611
Prepaid expenses	16,110	65,777	13,980
	<u>153,521</u>	<u>542,504</u>	<u>2,150,020</u>
<b>Equipment (Note 6)</b>	94,583	99,157	130,317
<b>Mineral Properties under Exploration (Note 7)</b>	9,244,676	9,047,133	7,542,518
	<u>\$ 9,492,780</u>	<u>\$ 9,688,794</u>	<u>\$ 9,822,855</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 43,847	\$ 68,194	\$ 108,748
Due to related party (Note 10)	2,029	-	-
	<u>45,876</u>	<u>68,194</u>	<u>108,748</u>
<b>EQUITY</b>			
<b>Equity Attributable to the Owners of the Parent</b>			
Share Capital (Note 8b)	25,897,850	25,272,850	25,231,978
Share subscriptions	-	470,000	-
Contributed Surplus (Note 9)	2,103,857	2,103,857	2,039,055
Deficit	(19,330,051)	(19,001,355)	(18,332,174)
	<u>8,671,656</u>	<u>8,845,352</u>	<u>8,938,859</u>
<b>Non-Controlling Interest (Note 7a)</b>	775,248	775,248	775,248
	<u>9,446,904</u>	<u>9,620,600</u>	<u>9,714,107</u>
	<u>\$ 9,492,780</u>	<u>\$ 9,688,794</u>	<u>\$ 9,822,855</u>

**Going Concern (Note 1)**

**Commitments (Note 12)**

The accompanying notes are an integral part of these consolidated interim financial statements.

**ANGLO ALUMINUM CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2011 AND 2010**  
(Unaudited)  
(Expressed in Canadian Dollars)

	<b>Three Months Ended October 31, 2011</b>	<b>Three Months Ended October 31, 2010</b>	<b>Six Months Ended October 31, 2011</b>	<b>Six Months Ended October 31, 2010</b>
				(Note 15)
<b>Administrative Expenses</b>				
Amortization	\$ 3,650	4,230	7,276	\$ 8,460
Advertising	1,299	9,459	2,164	10,114
Consulting	6,000	8,527	12,000	21,097
Conferences	3,600	17,629	25,841	18,939
Corporate Development	875	-	875	630
Insurance	2,708	2,698	5,745	6,099
Investor relations				
- Cash	1,588	13,634	1,588	25,634
- Stock-based compensation	-	20,050	-	20,050
Management fees (Note 10)	22,500	22,500	45,000	45,000
Office	3,948	5,183	10,950	9,801
Professional fees	20,861	15,873	30,371	27,761
Rent	4,219	2,301	9,676	4,602
Stock – based compensation	-	46,116	-	46,116
Transfer agent and regulatory fees	6,423	7,307	10,339	15,230
Travel and promotion	24,639	29,753	92,540	29,981
Wages and benefits	28,736	27,961	65,304	56,329
<b>Net Loss Before Undernoted Items</b>	(131,046)	(233,221)	(319,669)	(345,843)
<b>Other Income (Expense)</b>				
Interest income	586	2,676	1,729	5,278
Write-off mineral property under exploration	(1)	-	(1)	-
Foreign exchange (loss) gain	5	(625)	935	(593)
<b>Loss and Comprehensive Loss For The Period</b>	\$ (130,456)	(231,170)	(317,006)	\$ (341,158)
<b>Loss and Comprehensive Loss Attributable to:</b>				
Owners of the parent	\$ (130,456)	\$ (231,170)	\$ (317,006)	\$ (341,158)
Non-controlling Interest	-	-	-	-
	\$ (130,456)	\$ (231,170)	\$ (317,006)	\$ (341,158)
<b>Basic And Diluted Loss Per Common Share (Note 1)</b>	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
<b>Weighted Average Common Shares Outstanding</b>	84,305,285	81,705,285	84,155,828	81,705,285

The accompanying notes are an integral part of these consolidated interim financial statements.

**ANGLO ALUMINUM CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2011 AND 2010**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

Equity Attributable to the Owners of the Parent

	Share Capital	Share Subscriptions	Contributed Surplus	Deficit	Total	Non- Controlling Interest	Total Equity
<b>Balance at April 30, 2011</b>	\$ 25,272,850	\$ 470,000	\$ 2,103,857	\$(19,001,355)	\$8,845,352	\$ 775,248	\$9,620,600
Shares issued for cash	625,000	(470,000)	-	-	155,000	-	155,000
Share-issuance costs	-	-	-	(11,690)	(11,690)	-	(11,690)
Loss and comprehensive loss	-	-	-	(317,006)	(317,006)	-	(317,005)
<b>Balance at October 31, 2011</b>	<b>\$ 25,897,850</b>	<b>\$ -</b>	<b>\$ 2,103,857</b>	<b>\$ (19,330,051)</b>	<b>\$ 8,671,656</b>	<b>\$ 775,248</b>	<b>\$ 9,446,905</b>
<b>Balance at May 1, 2010 (Note 16)</b>	<b>\$ 25,231,978</b>	<b>\$ -</b>	<b>\$ 2,039,055</b>	<b>\$ (18,332,174)</b>	<b>\$ 8,938,859</b>	<b>\$ 775,248</b>	<b>\$ 9,714,107</b>
Share-based payments	-	-	83,675	-	83,675	-	83,675
Loss and comprehensive loss	-	-	-	(341,158)	(341,158)	-	(341,158)
<b>Balance at October 31, 2010</b>	<b>\$ 25,231,978</b>	<b>\$ -</b>	<b>\$ 2,122,730</b>	<b>\$ (18,673,332)</b>	<b>\$ 8,681,376</b>	<b>\$ 775,248</b>	<b>\$ 9,456,624</b>

The accompanying notes are an integral part of these consolidated interim financial statements.

**ANGLO ALUMINUM CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2011 AND 2010**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

	<b>Three Months Ended October 31, 2011</b>	<b>Three Months Ended October 31, 2010</b>	<b>Six Months Ended October 31, 2011</b>	<b>Six Months Ended October 31, 2010</b>
<b>Cash Provided By (Used For):</b>				
<b>Operating Activities</b>				
Net loss	\$ (130,456)	(231,170)	(317,006)	\$ (341,158)
Items not involving cash:				
Amortization	3,650	4,230	7,276	8,460
Stock-based compensation	-	66,166	-	66,166
Write-off mineral property for exploration	(1)	-	(1)	-
Net change in non-cash working capital items	(19,990)	(27,518)	23,334	(34,861)
Cash used for operating activities	(146,795)	(188,292)	(286,395)	(301,393)
<b>Investing Activities</b>				
Acquisition of equipment	(333)	-	(7,992)	-
Deferred exploration expenditures paid	(90,362)	(492,775)	(192,254)	(1,041,809)
Cash used for investing activities	(90,695)	(492,775)	(200,246)	(1,041,809)
<b>Financing Activities</b>				
Private placement	-	-	155,000	-
Share issuance costs paid	-	-	(11,690)	-
Advances from related parties	(9,827)	8,882	2,029	21,866
Cash provided by financing activities	(9,827)	8,882	145,339	21,866
<b>Decrease In Cash</b>	(247,317)	(672,185)	(341,302)	(1,321,336)
<b>Cash, And Cash Equivalents, Beginning Of Period</b>	378,686	1,479,658	472,671	2,128,809
<b>Cash, And Cash Equivalents, End Of Period</b>	\$ 131,369	807,473	131,369	\$ 807,473
Interest paid in cash	\$ -			\$ -
Income taxes paid in cash	\$ -			\$ -

Amounts paid for interest and income taxes, if paid, are included in cash flows from operating activities in the statement of cash flows.

The accompanying notes are an integral part of these consolidated interim financial statements.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**1. Nature And Continuance Of Operations And Going Concern**

Anglo Aluminum Corp. (“the Company”) was incorporated pursuant to the Business Corporations Act (British Columbia) on March 7, 1980. The common shares of the Company are listed for trading on the TSX Venture Exchange (the “Exchange”). The Company’s principal business activities are the exploration and development of its bauxite mineral property interests. The Company’s principle place of business is 1100 - 235 First Avenue Kamloops, British Columbia, Canada.

The Company is in the process of exploring and developing its bauxite property interests, but has not yet determined whether the property interests contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral property interests and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing and permitting to complete the development of those reserves, and upon future profitable production or proceeds from the disposition thereof.

These consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred significant losses from inception and as at October 31, 2011 the Company had a deficit of \$19,330,050 and a working capital balance of \$107,645.

The Company’s ability to continue as a going concern is dependent upon the continued support of its related parties, the ability of the Company to raise equity and/or debt financing, the discovery of economically recoverable reserves, the ability to further its mineral property interests and ultimately the attainment of profitable operations.

Management is currently reviewing several funding options including equity financing. The Company is seeking joint venture partners to further its mineral property interests. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classifications used. Additionally, the Company may be required to liquidate its assets. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of all assets and liabilities should the Company be unable to continue as a going concern.

**2. Significant Accounting Policies**

**Statement of Compliance**

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

These are the Company’s first condensed consolidated financial statements prepared in accordance with IAS 34 using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as is expected to be effective on April 30, 2012, the Company’s first annual IFRS reporting date. Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian GAAP.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented. They also have been applied in the preparation of an opening IFRS balance sheet as at May 1, 2010, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"). The impact of the transition from Canadian GAAP to IFRS is explained in note 15.

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies for the annual period that are relevant to these condensed consolidated financial statements will be finalized only when the first annual IFRS financial statements are prepared for the year ending April 30, 2012.

These interim consolidated financial statements for the period ended October 31, 2011 were authorized for issuance by the Board of Directors of the Company on December 23, 2011.

**Basis of Presentation**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit or loss.

**Principles Of Consolidation**

The consolidated financial statements include the accounts of the Company, its 51% interest in Société AMIG Navasota Mining International S.A.R.L. and its 100% wholly-owned subsidiary Société Guinéenne de Fer et de Bauxite S.A.R.L. All intercompany transactions are eliminated upon consolidation.

**Financial Instruments**

The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets classified as at fair value through profit or loss, are measured at fair value plus transaction costs on initial recognition. Financial assets at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

Measurement in subsequent periods depends on the classification of the financial instrument:

*i) Financial assets at fair value through profit or loss (FVTPL)*

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of income.

The Company's financial assets classified as FVTPL include cash and cash equivalents. The Company does not currently hold any derivative instruments.

*ii) Loans and receivables*

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method.

Amounts receivable and due from related parties are classified as loans and receivables.



**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

*iii) Other financial liabilities*

Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument to the net carrying amount on initial recognition.

**Cash And Cash Equivalents**

Cash and cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and generally have maturities of three months or less at the time of acquisition.

**Mineral Properties Under Exploration**

Acquired mineral properties are recognized at cost, or if acquired as part of a business combination, at fair value at the date of acquisition. All costs directly related to exploration activities are capitalized once the Company has obtained the legal right to explore. Mineral properties under exploration are reclassified when technical feasibility and commercial viability of the property can be demonstrated.

**Equipment**

Equipment is recorded at cost less accumulated amortization. The Company provides for amortization on the following basis:

Automotive	- 30% declining balance method
Computer equipment	- 30% declining balance method
Leasehold improvements	- 5 year straight line
Office equipment	- 20% declining balance method

In the year of acquisition, one half of the above rates are applied, and in year of disposal no amortization is claimed.

**Impairment of Long-Lived Assets**

At each balance sheet reporting date the carrying amounts of the Company's assets, including mineral properties under exploration, are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of operations.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**Decommissioning Liabilities**

The Company is required to recognize a liability when a legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its mineral properties. As of October 31, 2011 and April 30, 2011, the Company has not incurred any such obligations.

**Translation of Foreign Currencies**

The Company's functional and presentation currency is the Canadian dollar. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. The Canadian dollar is the functional currency of all the Company's subsidiaries.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities not denominated in the functional currency are translated at the period end rates of exchange. Foreign exchange gains and losses are recognized in the statement of operations.

**Income Taxes**

Income taxes are determined using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized to the extent that realization is considered probable.

**Stock-Based Compensation**

Stock options granted are settled with shares of the Company. The expense is determined based on the fair value of the award granted and recognized over the period which services are received, which is usually the vesting period. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the statement of operations.

**Loss Per Share**

Loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. Diluted loss per common share has not been presented separately as this calculation proved to be anti-dilutive.

**Critical Accounting Estimates and Judgments**

The preparation of the condensed interim financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. The preparation of the condensed interim financial statements also requires management to exercise judgment in the process of applying the accounting policies. Changes in estimates, assumptions and judgments can have a significant impact on the financial statements.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

*Critical accounting estimates*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

*i) Impairment of non-financial assets*

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the six months ended October 31, 2011 (October 31, 2010 –\$ Nil).

*ii) Stock-based compensation*

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statement of operations. For the six months ended October 31, 2011 the Company recognized approximately \$Nil of stock-based compensation expense (October 31, 2010 - \$46,116).

*iii) Useful life of equipment*

Equipment is amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of equipment. Total carrying value of equipment at October 31, 2011 was approximately \$94,583 (April 30, 2011 - \$99,157).

*Critical judgments used in applying accounting policies*

In the preparation of these financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

*i) Mineral properties under exploration*

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from mineral properties under exploration and subject to different accounting treatment. As at October 31, 2011 and April 30, 2011 management had determined that no reclassification of mineral properties was required.

*ii) Decommissioning liabilities*

Management is required to apply judgment in determining whether any legal or constructive obligation exist to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its mineral properties. As of October 31, 2011 and April 30, 2011, the Company has not recognized any such obligations.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

*iii) Income taxes*

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

**3. Future Changes to Accounting Standards**

**Consolidated Financial Statements**

In May 2011, the International Accounting Standards Board (“IASB”) issued IFRS 10, Consolidated Financial Statements (“IFRS 10”) and IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”). IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity’s consolidated financial statements. IFRS 10 sets out three elements of control: a) power over the investee; b) exposure or rights, to variable returns from involvement with the investee; and c) the ability to use power over the investee to affect the amount of the investors return. IFRS 10 sets out the requirements on how to apply the control principle. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity’s financial position, financial performance, and cash flows. IFRS 10 and IFRS 12 supersede IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities.

IFRS 10 and IFRS 12 are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted if adopted along with IFRS 11, IFRS 12, IAS 27 (revised) and IAS 28 (revised). The Company is currently assessing the impact of these standards on the financial statements.

**Joint Arrangements**

In May 2011, the IASB issued IFRS 11, Joint Arrangements (“IFRS 11”), which provides guidance on accounting for joint arrangements. If an arrangement has joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending of the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues, and expenses. A joint venture is an arrangement where the controlling parties have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method. Proportionate consolidation is no longer permitted.

This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is currently assessing the impact that IFRS 11 will have on their consolidated financial statements.

**IFRS 9 Financial Instruments**

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 Financial Instruments (IFRS 9) as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The IASB has proposed the effective date of IFRS 9 be changed to annual periods beginning on or after January 1, 2015.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. The Company is currently assessing the impact of this standard on the financial statements.

**Fair Market Value**

In May 2011, the IASB issued IFRS 13, Fair Value Measurement (“IFRS 13”). This standard defines fair value, sets out a single IFRS framework for measuring fair value, and outlines disclosure requirements about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement so assumptions that market participants would use should be applied in measuring fair value.

IFRS 13 is effective for annual periods on or after January 1, 2013, with earlier application permitted. This IFRS is to be applied prospectively as of the beginning of the annual period in which it is initially applied and the disclosure requirements do not need to be applied in comparative periods before initial application. The Company is currently assessing the impact of this standard on the financial statements.

**Other**

In June 2011, the IASB issued amendments to IFRS 7 Financial Instruments: Disclosures. The Company does not believe the changes resulting from these amendments are relevant to its financial statements.

In June 2011, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 19 Employee Benefits. The Company does not believe the changes resulting from these amendments are relevant to its financial statements.

**4. Management of Capital**

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders’ equity as well as its cash and cash equivalents balances.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of its cash and cash equivalents balances.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company’s investment policy is to invest its cash in highly liquid investments which are readily convertible into cash with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects that its current capital resources will not be sufficient to carry out its exploration plans and operations through the next twelve months.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**5. Financial Instruments**

**Fair Value**

The fair value of the Company's financial instruments at October 31, 2011 and April 30, 2011 are summarized as follows:

	<b>October 31, 2011</b>		<b>(Note 14) April 30, 2011</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Financial Assets</b>				
Held for trading				
Cash and cash equivalents	\$131,369	\$131,369	\$472,671	\$472,671
Loans and receivable				
Amounts receivable	6,042	6,042	4,056	4,056
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities	\$ 43,847	\$ 43,847	\$ 68,194	\$ 68,194
Due to related party	2,029	2,029	-	-

Fair value estimates are made at the consolidated balance sheet date, based on relevant market information and other information about the financial statements. Estimated fair value amounts are designed to approximate amounts at which financial instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act.

The Company uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value of financial instruments. The classifications are as follows: the use of quoted market prices for identical assets or liabilities (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3). The Company had no Level 2 or Level 3 financial instruments at October 31, 2011 and there have been no transfers between levels.

The following table provides the level within the fair value hierarchy of the Company's financial assets measured at fair value at October 31, 2011:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 131,369	-	-

**Financial Risk Management**

The Company's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange risk (currency), liquidity and interest rate risk.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, amounts receivable, and advances to a related party. The Company deposits the majority of its cash and cash equivalents with high credit quality financial institutions in Canada.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**Currency risk**

The Company's cash and cash equivalents and accounts payable and accrued liabilities are held in Canadian and US dollars, and are therefore subject to fluctuation against the Canadian dollar.

The Company had the following balances in foreign currency as at October 31, 2011 and April 30, 2011:

	<b>October 31, 2011</b>	<b>(Note 14) April 30, 2011</b>
Cash and cash equivalents	\$ 186	\$ 17,388
Accounts payable and accrued liabilities	14,486	24,636
Rate to convert to \$1.00Cdn	1.0541	0.9464

Sensitivity to a plus or minus 10% change in US dollars against the Canadian dollar with all other variables held constant as at October 31, 2011, would affect net loss and comprehensive loss for the period by approximately \$2,000.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash and cash equivalents balances.

The Company's expected source of cash flow in the upcoming year is anticipated to be through equity financing and future loan facilities, and potential joint venture agreements.

Cash and cash equivalents on hand at October 31, 2011 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

**6. Equipment**

	<b>October 31, 2011</b>			<b>(Note 14) April 30, 2011</b>	<b>(Note 15) May 1, 2010</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Automotive	\$ 59,262	\$ 29,291	\$ 29,971	\$ 35,261	\$ 50,373
Computer equipment	18,993	7,414	11,579	6,513	9,304
Office equipment	43,119	16,401	26,718	29,686	34,621
Leasehold improvements	39,928	13,613	26,315	27,697	36,019
	<u>\$ 161,302</u>	<u>\$ 66,719</u>	<u>\$ 94,583</u>	<u>\$ 99,157</u>	<u>\$ 130,317</u>

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**7. Mineral Properties under Exploration**

		(Note 14)		
		April 30,	Additions	October 31,
		2011	(Write-off)	2011
Koba, Guinea Mining Division of West Africa, 51% interest	(a)	\$8,604,302	\$196,260	\$8,800,562
Mamou-Dalaba, Guinea Mining Division of West Africa, 100% interest	(b)	442,830	1,284	444,114
Gold Creek, Kamloops Mining Division of BC, 100% interest	(c)	1	(1)	-
		<u>\$9,047,133</u>	<u>\$197,543</u>	<u>\$9,244,676</u>

		(Note 15)		
		May 1,	Additions	April 30,
		2010		2011
Koba, Guinea Mining Division of West Africa, 51% interest	(a)	\$7,408,108	\$1,196,194	\$8,604,302
Mamou-Dalaba, Guinea Mining Division of West Africa, 100% interest	(b)	134,409	308,421	442,830
Gold Creek, Kamloops Mining Division of BC, 100% interest	(c)	1	-	1
		<u>\$7,542,518</u>	<u>\$1,504,615</u>	<u>\$9,047,133</u>

**a) Koba/Koumbia**

During the year ended April 30, 2007, the Company entered into an option agreement (the "Option Agreement") with Société AMIG Mining International S.A.R.L. ("AMIG") and its shareholders to earn and acquire up to 100% of the issued share capital of AMIG. AMIG is a Guinean corporation and its shareholders are residents of Conakry, Guinea, West Africa.

AMIG is the legal and recorded holder of one mineral exploration permit for two mining research licenses granted by the Ministry of Mines and Geology of the Republic of Guinea on May 10, 2006. The permit covered two contiguous areas aggregating 1,064 kilometres, located in the prefectures of Télemélé (Koba) and Gaoual (Koumbia) (the Project), for the exploration of bauxite. The permit was initially valid for three years and has since, in accordance with Article 30 of the mining code of the Republic of Guinea, been renewed with the permitted area being reduced by approximately 50%, resulting in a new permit comprising two licences covering 536 kilometres. The new permit was in good standing until March 26, 2011, but has now been further extended to November 4, 2012.

Under the terms of the Option Agreement, the Company was granted an option to acquire an initial 45% of the issued share capital of AMIG by incurring a minimum aggregate US\$2,000,000 in



**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

exploration expenditures on the Project (incurred) and by paying US\$350,000 (paid) to the AMIG shareholders, within a period of three years.

The Company has exercised such option and thereby acquired 45% of the issued share capital of AMIG. Pursuant to the terms of an amendment dated December 1<sup>st</sup>, 2009, the Company has exercised a further option to acquire an additional 6% of the issued share capital of AMIG by paying US \$ 350,000. The Company now owns 51% of the issued share capital of AMIG.

The Company may elect to acquire all remaining issued shares of AMIG by paying US\$15,000,000 (US\$150,000 deposit paid) and issuing 15,000,000 of its common shares to the shareholders of AMIG.

The Company entered into a Memorandum of Understanding with the Ministry of Mines, Energy and Hydraulic of the Republic of Guinea (the "Ministry") allowing for the sale of the Koba Project to a third party.

The Company will work with the Ministry to identify acceptable potential purchasers for its bauxite resources and will endeavour to complete a sale that is acceptable to both parties in a timely manner. The Ministry shall provide all requisite approvals for any potential sale and, in consideration for such approval, the Company will pay 50% of the net sale proceeds to the Ministry. Any disposition of the Project shall be subject to acceptance of the Exchange and, if required, approval of the Company's shareholders. As at October 31, 2011, the Company is not in negotiations with any potential purchasers of the Koba/Koumbia Project.

**b) Mamou-Dalaba**

SGFB holds the Mamou-Dalaba bauxite property in Guinea, West Africa. The mineral property interest consists of 4 exploration permits covering 1832 km<sup>2</sup> in south western Guinea. SGFB also holds 14 base metal and 4 iron ore permits in Beyla and Kankan areas, and 3 uranium permits in Beyla area in south-eastern Guinea.

**c) Gold Creek**

The Company owns 100% interest in three mineral claims (58 units) located in the Kamloops Mining Division of B.C. The mineral claims are in good standing until August 16, 2011, at which time they were forfeited.

**8. Share Capital**

**a) Authorized**

Unlimited common shares without par value

**b) Common Shares Issued**

	<b>Number Of Shares</b>	<b>Amount</b>
Balance, May 1, 2010	81,705,285	\$25,231,978
Issued during the year:		
Exercise of stock options	100,000	22,000
Contributed surplus allocated on option exercise	-	18,872
Balance, April 30, 2011	81,805,285	\$25,272,850
Issued during the period:		
Private placement (Note 8c)	2,500,000	625,000
Balance, October 31, 2011	84,305,285	\$25,897,850

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**c) Private Placement Financings**

On May 11, 2011, the Company closed a non-brokered private placement of 2,500,000 units at a price of \$0.25 per unit, for proceeds totally \$625,000. Each unit is comprised of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase an additional common share at an exercise price of \$0.35 per share until May 11, 2012.

**d) Stock Options**

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The term of the stock options granted are fixed by the board of directors and are not to exceed five years. The exercise prices of the stock options are determined by the board of directors, but shall not be less than the closing price of the Company's common shares on the day proceeding the day on which the directors grant the stock options, less any discount permitted by the Exchange, but shall not be less than \$0.10 per share. The stock options vest immediately on the date of grant unless otherwise required by the Exchange, however, a four month hold period applies to all shares issued under each stock option, commencing on the date of grant. Other terms and conditions are as follows: all stock options are non-transferable; no more than 5% of the issued shares may be granted to any one individual in any 12 month period; no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period; disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the holder is an insider, (ii) any grant of stock options to insiders, within a 12 month period, exceeding 5% of the Company's issued shares; and stock options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares. Options granted shall expire within 90 days (30 days if the optionee is engaged in investor relations activities) after the optionee ceases to be director, officer, consultant, or employee of the Company.

A continuity schedule of the Company's outstanding stock options for the period ended October 31, 2011 is as follows:

	<b>Number Of Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Life (Years)</b>
Options outstanding, May 1, 2010	7,208,928	\$0.33	3.71
Granted	430,000	\$0.22	
Exercised	(100,000)	\$0.22	
Expired/Cancelled	(2,389,928)	(\$0.27)	
Options outstanding, April 30, 2011	5,149,000	\$0.35	2.54
Expired/Cancelled	(614,000)	-	
Options outstanding, October 31, 2011	4,535,000	\$0.38	2.33
Options exercisable, October 31, 2011	4,535,000		

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

Exercise Price Per Share	Expiry Date	(Note 14) April 30, 2011	Granted	Exercised	Expired/ Cancelled	October 31, 2011
\$0.12	Sept. 7, 2011	614,000	-	-	(614,000)	-
\$0.23	Apr. 11, 2012	30,000	-	-	-	30,000
\$0.35	May 15, 2013	1,000,000	-	-	-	1,000,000
\$0.60	Jun. 11, 2013	1,000,000	-	-	-	1,000,000
\$0.70	Jul. 2, 2013	200,000	-	-	-	200,000
\$0.68	Jul. 10, 2013	200,000	-	-	-	200,000
\$0.27	Nov. 5, 2013	150,000	-	-	-	150,000
\$0.22	Jan. 12, 2014	150,000	-	-	-	150,000
\$0.24	August 7, 2014	200,000	-	-	-	200,000
\$0.28	January 21, 2015	775,000	-	-	-	775,000
\$0.20	April 28, 2015	400,000	-	-	-	400,000
\$0.20	May 1, 2015	100,000	-	-	-	100,000
\$0.24	October 1, 2015	330,000	-	-	-	330,000
		5,149,000	-	-	(614,000)	4,535,000

**e) Share Purchase Warrants**

As at October 31, 2011, the Company has the following share purchase warrants outstanding:

Exercise Price Per Share	Expiry Date	(Note 14) April 30, 2011	Issued	Exercised	Expired/ Cancelled	October 31, 2011
\$0.35	May 12, 2012	-	2,500,000	-	-	2,500,000
		-	2,500,000	-	-	2,500,000

**9. Contributed Surplus**

	October 31, 2011	(Note 14) April 30, 2011
Balance, beginning of period	\$ 2,103,857	\$ 2,039,055
Stock-based compensation – deferred exploration expenditures	-	17,508
– investor relations	-	20,050
– employees and directors	-	46,117
Reclassified to share capital on exercise of stock options	-	(18,873)
<b>Balance, end of period</b>	<b>\$ 2,103,857</b>	<b>\$ 2,103,857</b>

During the year ended April 30, 2011, the Company recorded expenses for consulting fees of \$17,508, investor relations of \$20,050 and stock-based compensation of \$46,116 for the grant of 430,000 vested stock options. The options were granted to consultants, employees, and an officer of the Company. In addition, a consultant exercised 100,000 stock options resulting in a charge to contributed surplus of \$18,873.

Option pricing methods require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. The Company determined the fair value of the granted stock options on the

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

date of the grant using the Black-Scholes option pricing model using the following weighted-average assumptions:

	<b>(Note 14)</b> <b>April 30,</b> <b>2011</b>
Expected dividend yield (%)	NIL
Risk-free interest rate (%)	2.03 - 2.99
Expected life (years)	1 - 5
Expected volatility (%)	127.35 - 133.90

**10. Related Party Transactions**

- a) The following related party transactions occurred during the six month periods ended October 31, 2011 and 2010:

	<b>2011</b>	<b>2010</b>
Consulting and exploration fees paid to companies controlled by directors of the Company	\$93,975	\$77,268
Management fees paid to a company controlled by a director of the Company	\$45,000	\$ 45,000

These transactions are in the normal course of operations and are measured at the transaction amount which is the amount of consideration established and agreed to by the related parties.

- b) The amount due to related party is due to a company with similar directors and represents payments made by the related party on behalf of the company. The balance is unsecured, non-interest bearing and due on demand.

**11. Income Taxes**

No provision for recovery of income taxes was made because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for tax purposes of approximately \$3,651,987 (April 30, 2011 - \$3,300,253) which expire in various years to 2032 as follows:

2014	237,345
2015	185,945
2016	354,030
2027	338,420
2028	380,177
2029	462,069
2030	641,138
2031	701,129
2032	351,734
	\$ 3,651,987

As at October 31, 2011, the Company has undeducted resource related expenses of approximately \$14,374,544 (April 30, 2011- \$14,177,000) and net capital losses of \$1,150,208 (April 30, 2011 - \$1,150,208) available for deduction against future Canadian taxable income. These available deductions have no expiration date. In addition, the Company has undeducted share issuance costs and undeducted eligible capital expenditures totalling \$128,914 (April 30, 2011 - \$168,546) which are also

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

available for deduction against future Canadian taxable income. Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

**12. Commitments**

The Company has a management services agreement with a company controlled by a director of the Company requiring payments of \$7,500 per month plus taxes. The agreement is in effect until February 28, 2014 unless sooner terminated in accordance with the provisions of the agreement.

At April 30, 2011, the Company entered into a consulting agreement with an Australian private company, controlled by a director of the Company, requiring payments of \$5,000 per month. The Company has entered into a consulting agreement with a U.S. based consultant requiring payments of US\$3,000 per month. The Company has entered into a consulting agreement with a B.C. private company requiring payments of \$2,000 per month. The Company has entered into a consulting agreement with a consultant from Conakry, Guinea requiring payments of US\$1,800 per month. All agreements are on a month to month basis. The Company or the consultant may terminate any of the agreements upon giving 30 days written notice to the other party.

At October 31, 2011, the Company has \$63,224 in remaining lease payments for use of its Kamloops B.C. office to July 31, 2015. The Company charges a portion of these monthly lease payments to Exchange listed companies which have directors and officers in common, and which use the same premises.

**13. Segmented Information**

The Company has one reportable operating segment, being the exploration of mineral properties. The Company's mineral property interests are all located in Canada and Africa.

Details of identifiable assets by geographic segments are as follows:

	<b>2011</b>	<b>2010</b>
Canada	\$ 217,945	\$ 886,253
Africa	9,274,835	8,679,238
	\$ 9,492,780	\$ 9,565,491

**14. Comparative Figures**

The comparative figures disclosed as at April 30, 2011 in these interim financial statements were subject to an audit engagement.

Certain of the comparative figures in the statement of operations have been reclassified to conform with the financial presentation adopted for in the current period. These changes have no effect on the loss for the prior period disclosed.

**15. Transition to IFRS**

**Overview**

The Company has adopted IFRS, effective for interim and annual financial statements relating to its fiscal year ended April 30, 2012. These are the Company's first condensed consolidated financial statements that have been prepared in accordance with IAS 34 using accounting policies consistent with IFRS.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

The accounting policies have been selected to be consistent with IFRS as is expected to be effective on April 30, 2012, the Company's first annual IFRS reporting date. Previously the Company prepared its interim and annual consolidated financial statements in accordance with Canadian GAAP.

**First-time adoption of IFRS**

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective at the end of an entity's first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of its opening IFRS consolidated balance sheet as at May 1, 2010, the Company's Transition Date.

- To apply IFRS 2 *Share-based Payments* only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 *Business Combinations* prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply IAS 23 *Borrowing Costs* prospectively from the Transition Date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.
- To not reassess whether arrangements contain a lease under IFRS where the same determination that would be made under IFRIC 4 *Determining whether an Arrangement Contains a Lease* (IFRIC 4) was made previously in accordance with Canadian GAAP.
- To apply the transitional provisions of IFRIC 4 to leases which the same determination as IFRIC 4 was not made previously in accordance with Canadian GAAP. Therefore, the determination of whether these arrangements contain a lease is based on the circumstances existing at the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Estimates used in the preparation of the Company's opening IFRS statement of financial position, and other comparative information restated to comply with IFRS, are consistent with those made previously under current Canadian GAAP.

**Changes to accounting policies**

The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. However, these changes to its accounting policies have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses within these financial statements. Accounting policies have been changed to be consistent with IFRS as is expected to be effective on April 30, 2012.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS, and the effect on the Company's opening IFRS consolidated balance sheet.

*Mineral Properties Under Exploration*

Subject to certain restrictions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties. On

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

adoption of IFRS, the Company has retained its policy of capitalizing all costs directly related to exploration activities once the Company has obtained the legal right to explore.

Once technical feasibility and commercial viability can be demonstrated, the carrying value of mineral properties under exploration will be reclassified to mineral properties under development.

There were no changes to the accounting policies related to mineral properties under exploration that had a significant impact on the Company's financial statements.

*Impairment of Non-Financial Assets*

IFRS requires a write down of assets if the recoverable amount is less than its carrying value. The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. Value in use is determined using discounted estimated future cash flows. Under Canadian GAAP, a write down to estimated fair value was required only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

IFRS also requires the reversal of any previous impairment losses, with the exception of goodwill, where circumstances have changed such that the level of impairment in the value of the assets has been reduced. Canadian GAAP prohibits the reversal of impairment losses.

The Company has changed its accounting policies related to impairment of assets to be consistent with the requirements under IFRS. The changes in accounting policies related to impairment did not have a significant impact on the Company's financial statements.

*Decommissioning Liability (Asset Retirement Obligations)*

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences, however these changes did not result in a significant impact on the Company's financial statements.

*Share-based Payments*

In certain circumstances, IFRS requires a different measurement of share-based compensation than Canadian GAAP. In particular, IFRS requires that each tranche (that vests separately) must be treated as a separate grant and that and estimate of forfeitures be included in the determination of the expense associated with stock option grants.

Due to the nature of the Company's stock options, these changes in accounting policy did not have a significant impact on the Company's financial statements.

*Income taxes*

IFRS requires the recognition of deferred taxes on the temporary differences in the accounting and tax basis of non-monetary assets and liabilities of foreign operations arising from exchange rate fluctuations. Deferred taxes were not recognized on these types of temporary differences under current Canadian GAAP.

The Company's accounting policies were changed to reflect this difference, however due to the nature of the Company deferred tax balances, there was no significant impact on the financial statements.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2011**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**Reconciliation of Canadian GAAP to IFRS**

The following provides reconciliations of the shareholders' equity and the comprehensive loss from Canadian GAAP to IFRS for the respective periods. The changes in accounting policies resulting from the Company's adoption of IFRS had no significant impact on financial statements for these comparative periods. The adoption of IFRS did not have a material impact on the condensed interim statements of cash flows.

	<u>April 30, 2011</u>	<u>October 31, 2010</u>	<u>May 1, 2010</u>
Total equity under Canadian GAAP	\$9,620,600	\$8,681,376	\$9,714,107
Adjustments for changes in accounting policies	-	-	-
Total equity under IFRS	<u>\$9,620,600</u>	<u>\$8,681,376</u>	<u>\$9,714,107</u>

  

	<u>Year ended</u> <u>April 30, 2011</u>	<u>Six months ended</u> <u>October 31, 2010</u>
Comprehensive loss under Canadian GAAP	\$ (669,181)	\$ (341,158)
Adjustments for changes in accounting policies	-	-
Comprehensive loss under IFRS	<u>\$ (669,181)</u>	<u>\$ (341,158)</u>