Anglo Aluminum Corp.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2012 AND 2011

(Expressed in Canadian dollars)

ANGLO ALUMINUM CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2012 AND 2011

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BEAUCHAMP & COMPANY
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Anglo Aluminum Corp.

We have audited the accompanying consolidated financial statements of Anglo Aluminum Corp., which comprise the consolidated statements of financial position as at April 30, 2012 and 2011, and May 1, 2010, and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years ended April 30, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility For The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Anglo Aluminum Corp. as at April 30, 2012 and 2011, and May 1, 2010, and its financial performance and its cash flows for the years ended April 30, 2012 and 2011 in accordance with International Financial Reporting Standards.

Vancouver, Canada
August 21, 2012

"Beauchamp & Company"
Chartered Accountants

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ANGLO ALUMINUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT APRIL 30, 2012 AND 2011, AND MAY 1, 2010

(Expressed in Canadian Dollars)

		April 30, 2012		April 30, 2011 (Note 18)		May 1, 2010 (Note 18)
ASSETS						
Current Assets						
Cash and cash equivalents (Note 4)	$	226,336	$	472,671	$	2,128,809
Amounts receivable (Note 5)		3,030		4,056		7,231
Prepaid expenses		7,950		65,777		13,980
		237,316		542,504		2,150,020
Non-Current Assets						
Equipment (Note 6)		82,015		99,157		130,317
Exploration and evaluation assets (Note 7)		9,389,334		9,047,133		7,542,518
	$	9,708,665	$	9,688,794	$	9,822,855
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities (Note 8)	$	69,302	$	68,194	$	108,748
Loan payable (Note 9)		200,000		-		-
		269,302		68,194		108,748
EQUITY						
Share Capital (Note 10)		26,097,850		25,272,850		25,231,978
Share Subscriptions (Note 10e))		-		470,000		-
Share-Based Payments Reserve		2,103,857		2,103,857		2,039,055
Deficit		(19,537,592)		(19,001,355)		(18,332,174)
Equity Attributable To Owners Of The Company		8,664,115		8,845,352		8,938,859
Non-Controlling Interest (Note 7a))		775,248		775,248		775,248
		9,439,363		9,620,600		9,714,107
	$	9,708,665	$	9,688,794	$	9,822,855

Going Concern (Note 1)
Commitments (Note 13)
Segmented Information (Note 14)
Subsequent Events (Note 19)

These consolidated financial statements were authorized for issue by the board of directors on August 21, 2012.

"James T. Gillis" **Director** *"Russell Williams"* **Director**

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

ANGLO ALUMINUM CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED APRIL 30, 2012 AND 2011
(Expressed in Canadian Dollars)

		2012		2011
Administrative Expenses				(Note 18)
Advertising	$	3,543	$	16,880
Consulting fees		14,000		53,560
Conferences		31,856		46,618
Corporate development		1,358		3,639
Depreciation		14,556		17,016
Investor relations				
- Cash		1,591		29,636
- Share-based compensation (Note 10f) and 12b))		-		20,050
Management fees (Note 12a))		90,000		90,000
Office and sundry		24,111		29,980
Professional fees		57,075		47,654
Rent		16,909		14,684
Share-based compensation (Note 10f))		-		46,116
Transfer agent and regulatory fees		22,066		24,709
Travel and promotion		129,243		110,059
Wages and benefits		115,982		125,125
Net Loss Before Undernoted Items		(522,290)		(675,726)
Other Income (Expense)				
Interest		1,729		7,045
Foreign exchange gain (loss)		789		(500)
Impairment of exploration and evaluation assets		(1)		-
Loss And Comprehensive Loss For The Year	$	(519,773)	$	(669,181)
Loss And Comprehensive Loss Attributable To:				
Owners of the parent	$	(519,773)	$	(669,181)
Non-controlling interest		-		-
	$	(519,773)	$	(669,181)
Basic And Diluted Loss Per Common Share (Note 11)	$	(0.01)	$	(0.01)
Weighted Average Number Of Common Shares Outstanding		84,776,518		81,745,970

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

ANGLO ALUMINUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED APRIL 30, 2012 AND 2011
(Expressed in Canadian Dollars)

		Equity Attributable To The Owner Of The Parent						
	Number Of Common Shares	Share Capital	Share Subscriptions	Share-Based Payments Reserve	Deficit	Total	Non-Controlling Interest	Total Equity
Balance At May 1, 2010 (Note 18)	81,705,285	$ 25,231,978	$ -	$ 2,039,055	$ (18,332,174)	$ 8,938,859	$ 775,248	$ 9,714,107
Loss and comprehensive loss for the year	-	-	-	-	(669,181)	(669,181)	-	(669,181)
Share subscriptions	-	-	470,000	-	-	470,000	-	470,000
Share options exercised for cash	100,000	22,000	-	-	-	22,000	-	22,000
Reclassification of fair value on exercise of options	-	18,872	-	(18,872)	-	-	-	-
Share-based compensation	-	-	-	83,674	-	83,674	-	83,674
Balance At April 30, 2011 (Note 18)	81,805,285	$ 25,272,850	$ 470,000	$ 2,103,857	$ (19,001,355)	$ 8,845,352	$ 775,248	$ 9,620,600
Loss and comprehensive loss for the year	-	-	-	-	(519,773)	(519,773)	-	(519,773)
Share subscriptions	-	-	355,000	-	-	355,000	-	355,000
Private placement	4,500,000	825,000	(825,000)	-	-	-	-	-
Share issuance costs	-	-	-	-	(16,464)	(16,464)	-	(16,464)
Balance At April 30, 2012	86,305,285	$ 26,097,850	$ -	$ 2,103,857	$ (19,537,592)	$ 8,664,115	$ 775,248	$ 9,439,363

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

ANGLO ALUMINUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2012 AND 2011
(Expressed in Canadian Dollars)

		2012		2011
Cash Provided By (Used For):				(Note 18)
Operating Activities				
Loss and comprehensive loss for the year	$	(519,773)	$	(669,181)
Items not requiring cash:				
Depreciation		14,556		17,016
Share-based compensation		-		66,166
Impairment of exploration and evaluation assets		1		-
Net change in non-cash working capital items		71,126		(46,560)
Cash used for operating activities		(434,090)		(632,559)
Investing Activities				
Acquisition of equipment		(7,992)		(968)
Payments for exploration and evaluation assets		(342,789)		(1,516,222)
Cash used for investing activities		(350,781)		(1,517,190)
Financing Activities				
Repayment from related party		-		1,611
Proceeds from loan		200,000		-
Issuance of common shares for cash		825,000		22,000
(Allocation) Receipt of share subscriptions		(470,000)		470,000
Payment of share issuance costs		(16,464)		-
Cash provided by financing activities		538,536		493,611
Decrease In Cash And Cash Equivalents		(246,335)		(1,656,138)
Cash And Cash Equivalents, Beginning Of Year		472,671		2,128,809
Cash And Cash Equivalents, End Of Year	$	226,336	$	472,671
Supplemental Information				
Interest received in cash	$	1,729	$	7,045
Income taxes paid in cash	$	-	$	-

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

Supplemental Disclosure Of Non-Cash Investing And Financing Activities:
During the year ended April 30, 2011, the Company issued 100,000 share options in payment of consulting fees. The consulting fees are disclosed in note 7, exploration and evaluation assets, in the amount of $17,508.

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

1. NATURE 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 Company's principal place of business is located at Suite 1100 – 235 First Avenue, Kamloops, British Columbia, Canada. Its registered office is located at Suite 1810 – 111 West Georgia Street, Vancouver, British Columbia, Canada. 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 exploration and evaluation assets.

The Company is in the process of exploring and developing its bauxite exploration and evaluation assets, but has not yet determined whether the exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets 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 incurred a net loss of $519,773 for the year ended April 30, 2012 (year ended April 30, 2011 – loss of $669,181), and has a working capital deficiency of $31,986 as at April 30, 2012 (April 30, 2011 – working capital of $474,310), (May 1, 2010 – working capital of $2,041,272).

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 exploration and evaluation assets and ultimately the attainment of profitable operations. It is expected that the Company's current cash and cash equivalents position will not be sufficient to fund its needs for the near future (refer to notes 15 and 16 for additional information).

Management is currently reviewing several funding options including equity financing. The Company is seeking joint venture partners to further its exploration and evaluation assets. 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 consolidated statement of financial position classifications used. Additionally, the Company may be required to liquidate its assets. These consolidated 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. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These are the Company's first annual consolidated annual financial statements prepared in accordance with IFRS. Previously, the Company prepared its annual consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual consolidated financial statements prepared under Canadian GAAP. The accounting policies described below have been applied consistently to all periods presented . They also have been applied in preparing an opening IFRS consolidated statement of financial position at May 1, 2010. The impact of the transition to IFRS is explained in note 18.

2. BASIS OF PREPARATION (continued)

(b) Approval of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on August 21, 2012.

(c) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as at fair value through profit or loss, which are measured at fair value.

(d) Presentation and functional currency

(i) Presentation and functional currency

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.

(ii) Foreign currency transactions

Transactions in currencies other than the functional currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position.

Gain and losses arising on foreign currency translations are included in the Company's consolidated statement of comprehensive loss.

(e) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in accordance 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 consolidated financial statements also requires management to make judgments aside from those that involve estimates, in the process of applying the accounting policies.

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 uncertainties related to estimates that have a significant risk of resulting in a material adjustment within the next financial year and to judgments that have the most significant effect on the amounts recognized and disclosed in the consolidated financial statements.

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. During the year ended April 30, 2012, the Company recognized an impairment of $1 representing the remaining carrying value of the Gold Creek Property.

Useful life of property, plant and equipment

Property, plant and equipment is depreciated over the estimated useful lives 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 property, plant and equipment. Total carrying value of property, plant and equipment at April 30, 2012 was $82,015 (April 30, 2011 - $99,157), (May 1, 2010 - $130,317).

2. BASIS OF PREPARATION (continued)

(e) Significant accounting judgments and estimates (continued)

Share-based compensation

Management is required to make certain estimates when determining the fair value of share option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the Company's consolidated statement of comprehensive loss. For the year ended April 30, 2012 the Company recognized share-based compensation expense of $Nil (April 30, 2011 - $66,166).

Exploration and evaluation assets

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for its mineral properties under exploration. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment. As at April 30, 2012, April 30, 2011 and May 1, 2010 management had determined that no reclassification of exploration and evaluation assets was required.

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 becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company, its 51% interest in Société AMIG Navasota Mining International S.A.R.L. (“AMIG”), and its 100% wholly-owned subsidiary Africa Bauxite Corporation (“ABC”), which acquired 100% of Société Guinéenne de Fer et de Bauxite S.A.R.L. (“SGFB”) from the Company during the year ended April 30, 2012. All inter-company transactions and balances have been eliminated on consolidation.

(b) 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:

At fair value through profit or loss (“FVTPL”) - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are measured at fair value with changes in fair value recognized in the Company’s consolidated statement of comprehensive income or loss for the year. Cash and cash equivalents are classified as FVPTL.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortized cost less impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Amounts receivable are classified as loans and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

Other financial liabilities - This category includes 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 the loan payable are classified as other financial instruments.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash held in financial institutions, cash on hand and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(d) Exploration and evaluation assets

Acquired 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. Exploration and evaluation assets are reclassified when technical feasibility and commercial viability of the property can be demonstrated. Acquisition costs include cash consideration and the fair value of common shares, based on recent issue prices, issued for exploration and evaluation assets pursuant to the terms of the agreements. Exploration expenditures, net of recoveries, are capitalized as incurred. After a property is determined by management to be commercially feasible, acquisition costs and their related deferred exploration expenditures on the property will be transferred to mineral properties under development. Prior to transfer the assets will be tested for impairment. The costs related to a property from which there is production, will be depleted and depreciated using the unit-of-production method.

Exploration and evaluation assets acquired under an option agreement where payments are made at the sole discretion of the Company, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the exploration and evaluation assets until the payments are in excess of acquisition costs, at which time they are then recognized in profit or loss in the Company's consolidated statement of comprehensive income or loss. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

(e) Decommissioning liability

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 exploration and evaluation assets. As of April 30, 2012, April 30, 2011 and May 1, 2010, the Company has not incurred any such obligations.

(f) Equipment

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

Automotive equipment	- 30% declining balance method
Computer equipment	- 30% declining balance method
Leasehold improvements	- over the term of the lease
Office equipment	- 20% declining balance method

(g) Impairment

At each reporting date, the carrying amounts of the Company's assets, including exploration and evaluation assets, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment (continued)

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 consolidated statement of comprehensive income or loss. For the purposes of assessing for indications of impairment and impairment testing, assets that do not have largely independent cash inflows are grouped into cash generating units. Cash generating units are the smallest identifiable groups of assets having independent cash inflows.

An impairment loss, excluding those recognized on goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had previously been recognized.

(h) Loss per share

The Company presents basic and diluted gain/loss per share data for its common shares, calculated by dividing the gain/loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted gain/loss per share is determined by adjusting the gain/loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. All of the share options and share purchase warrants were anti-dilutive for the years ended April 30, 2012 and 2011.

(i) Share-based compensation

Share 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 revision in the consolidated statement of comprehensive income or loss.

(j) 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.

(k) Future changes to accounting standards

The following new or amended accounting standards have been issued by the International Accounting Standards Board ("IASB"). These new or amended standards are not yet effective, and the Company has not completed its assessment of their impact on its 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, 2015, with earlier application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Future changes to accounting standards (continued)

IFRS 9 Financial Instruments (continued)

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 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.

IFRS 10 *Consolidated Financial Statements*

In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements (IFRS 10). IFRS 10, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IAS 27 *Consolidated and Separate Financial Statements* ("IAS 27"), consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 will replace SIC 12 *Consolidation - Special Purpose Entities* and parts of IAS 27.

IFRS 11 Joint Arrangements ("IFRS11")

IFRS 11 was issued in May 2011, and is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

IFRS 11 requires interests in joint arrangements to be classified as a joint venture or joint operation. A joint arrangement is an arrangement in which two or more parties have joint control. Joint ventures will be accounted for using the equity method of accounting whereas a party with joint control of a joint operation will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in certain joint ventures. IFRS 11 will replace IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities - Non-monetary Contributions by Venturers.

In conjunction with the issue of IAS 11, IAS 28 Investments in Associates was amended to include joint ventures within its scope, and to address the guidance included in IFRS 10 and IFRS 12 Disclosure of Interest in Other Entities. IAS 28 is retitled to Investments in Associates and Joint Ventures.

IFRS 12 *Disclosure of Interests in Other Entities*

In May 2011, the IASB issued IFRS 12 Disclosure of Interests in Other Entities (IFRS 12). IFRS 12, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates and unconsolidated structured entities. The IFRS standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard also requires enhanced disclosures of how control was determined and any restrictions that might exist on consolidated assets and liabilities within the consolidated financial statements.

IFRS 13 *Fair Value Measurement*

In May 2011, the IASB issued IFRS 13 Fair Value Measurement (IFRS 13). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Future changes to accounting standards (continued)

IFRS 13 *Fair Value Measurement (continued)*

IFRS 13 defines fair value and sets out in a single IFRS a framework for measuring fair value that is applied in most circumstances where IFRS requires or permits measurements or disclosures of fair value. The new standard clarifies that fair value is 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. IFRS 13 also establishes disclosures about fair value measurement.

Other

In June 2011, the IASB issued amendments to IAS 1 Presentation of Financial Statements to revise the way in which other comprehensive income is presented. The Company does not believe the changes resulting from the amended standard will have an impact on its consolidated financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

In June 2011, the IASB issued amendments to IAS 19 Employee Benefits with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements. The amended standard is effective for annual periods beginning on or after January 1, 2013.

In October 2011, the IASB issued IFRIC 20 Stripping costs in the production phase of a surface mine. The Company does not believe the changes resulting from this new standard are relevant to its consolidated financial statements. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

4. CASH AND CASH EQUIVALENTS

The Company’s cash and cash equivalents are comprised of the following:

	April 30, 2012	April 30, 2011	May 1, 2010
Cash	$ 226,336	$ 472,671	$ 63,032
Money market funds	-	-	2,065,777
	$ 226,336	$ 472,671	$ 2,128,809

5. AMOUNTS RECEIVABLE

The Company’s amounts receivable are comprised of the following:

	April 30, 2012	April 30, 2011	May 1, 2010
HST/GST receivable	$ 2,561	$ 3,888	$ 5,620
Miscellaneous receivable	-	168	-
Due from related party	469	-	1,611
	$ 3,030	$ 4,056	$ 7,231

(Expressed in Canadian Dollars)

6. EQUIPMENT

	Automotive Equipment	Computer Equipment	Leasehold Improvements	Office Equipment	Total
COST					
Balance at May 1, 2010	$ 59,262	$ 12,461	$ 38,468	$ 42,151	$ 152,342
Additions	-	-	-	968	968
Balance at April 30, 2011	59,262	12,461	38,468	43,119	153,310
Additions	-	6,532	1,460	-	7,992
Balance at April 30, 2012	$ 59,262	$ 18,993	$ 39,928	$ 43,119	$ 161,302
ACCUMULATED DEPRECIATION					
Balance at May 1, 2010	$ 8,889	$ 3,157	$ 3,847	$ 6,132	$ 22,025
Depreciation for the year	15,112	2,791	6,924	7,301	32,128
Balance at April 30, 2011	24,001	5,948	10,771	13,433	54,153
Depreciation for the year	10,578	2,934	5,685	5,937	25,134
Balance at April 30, 2012	$ 34,579	$ 8,882	$ 16,456	$ 19,370	$ 79,287
CARRYING AMOUNTS					
At May 1, 2010	$ 50,373	$ 9,304	$ 34,621	$ 36,019	$ 130,317
At April 30, 2011	$ 35,261	$ 6,513	$ 27,697	$ 29,686	$ 99,157
At April 30, 2012	$ 24,683	$ 10,111	$ 23,472	$ 23,749	$ 82,015

7. EXPLORATION AND EVALUATION ASSETS

April 30, 2012	**Koba/ Koumbia Property**	**Mamou-Dalaba Property**	**Gold Creek Property**	**Total**
Acquisition Costs				
Cash payments	$ 10,607	$ 14,081	$ -	$ 24,688
Deferred Exploration Expenditures				
Assays and geochemical	419	-	-	419
Camp	19,973	3,083	-	23,056
Consulting (Note 12a))	185,214	7,348	-	192,562
Corporation administration costs	14,873	-	-	14,873
Geological	6,862	-	-	6,862
Technical and field staff	48,407	3,031	-	51,438
Travel and accommodations	5,544	-	-	5,544
Vehicle	22,760	-	-	22,760
	304,052	13,462	-	317,514
Costs For The Year	314,659	27,543	-	342,202
Balance, Beginning Of Year	8,604,302	442,830	1	9,047,133
Impairment Of Exploration And Evaluation Assets	-	-	(1)	(1)
Balance, End Of Year	$ 8,918,961	$ 470,373	$ -	$ 9,389,334

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

April 30, 2011	Koba/ Koumbia Property	Mamou- Dalaba Property	Gold Creek Property	Total
Acquisition Costs				
Cash payments	$ 67,057	$ -	$ -	$ 67,057
Deferred Exploration Expenditures				
Assays and geochemical	132,240	17,982	-	150,222
Camp	66,212	15,861	-	82,073
Consulting (Note 12a))	239,202	-	-	239,202
Corporation administration costs	25,034	820	-	25,854
Drilling	-	223,649	-	223,649
Geological	478,801	27,648	-	506,449
Technical and field staff	79,316	4,204	-	83,520
Travel and accommodations	59,824	951	-	60,775
Vehicle	48,508	17,306	-	65,814
	1,129,137	308,421	-	1,437,558
Costs For The Year	1,196,194	308,421	-	1,504,615
Balance, Beginning Of Year	7,408,108	134,409	1	7,542,518
Balance, End Of Year	$ 8,604,302	$ 442,830	$ 1	$ 9,047,133

(a) Koba/Koumbia

During the year ended April 30, 2007, the Company entered into an option agreement (the AOption Agreement@) with 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 covers two contiguous areas aggregating 1,064 km5, 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 km5. The new permit is in good standing until 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 exploration expenditures on the Project (incurred) and by paying US$350,000 (paid) to the AMIG shareholders, within a period of three years.

During the year ended April 30, 2009, the Company exercised such option and acquired 45% of the issued share capital of AMIG. The AMIG agreement was subsequently amended on December 1, 2009 pursuant to which the Company was granted an option to acquire an additional 6% of the issued share capital of AMIG by paying US$350,000 (paid). The Company has exercised such option and is the registered holder of 51% of the issued share capital of AMIG.

Additionally, the Company may elect to acquire all remaining 49% of the issued shares of AMIG by incurring all exploration and development expenditures necessary to complete and deliver to AMIG a bankable feasibility study in respect of the

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Koba/Koumbia (continued)

Project and paying US$15,000,000 (US$150,000 deposit paid) and issuing 15,000,000 of its common shares to the third party shareholders of AMIG.

Costs incurred by the Company to April 30, 2012, April 30, 2011 and May 1, 2010 are comprised of:

Payment on first share option (US$350,000)	$	358,059
Exchange filing fees, legal and other		76,258
Deposit paid towards acquiring the remaining issued share capital of AMIG (US$150,000)		186,065
Balance, April 30, 2009		620,382
Final payment on second share option (US$350,000)		372,574
Increase in valuation on acquiring 51% of the issued share capital of AMIG		775,248
Balance, April 30, 2010 and May 1, 2010		1,768,204
Mineral exploration permit and licence fees paid to extend expiry date of permit		67,057
Balance, April 30, 2011		1,835,261
Mineral exploration licence fees		10,607
Balance, April 30, 2012	$	1,845,868

The Company entered into a Memorandum of Understanding with the Ministry of Mines, Energy and Hydraulic of the Republic of Guinea (the ΑMinistry@) allowing for the sale of the Koba/Koumbia 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 and subsequent to April 30, 2012, 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 interest in Guinea, West Africa. The exploration and evaluation asset consists of 4 exploration permits covering 1832 km^2 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 the Beyal area in south-eastern Guinea. The Company submitted all the required paperwork necessary for renewal of the exploration permits prior to the March 15-17, 2012 expiry dates. As at August 21, 2012, the exploration permits have not been renewed by the applicable government authorities and the Company has been notified that no exploration permits are being renewed until the Republic of Guinea implements a new mining code.

(c) Gold Creek

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

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

		April 30, 2012		April 30, 2011		May 1, 2010
Trade payables	$	1,786	$	7,747	$	2,001
Accrued liabilities		48,224		60,447		106,747
Due to related parties		19,292		-		-
	$	69,302	$	68,194	$	108,748

9. LOAN PAYABLE

During the year ended April 30, 2012, the Company's wholly-owned subsidiary Africa Bauxite Corporation ("ABC") received a loan of $200,000 from a shareholder of the Company. The loan is unsecured, non-interest bearing, and due on demand. On June 11, 2012, the loan was applied to acquire 2,000,000 common shares of ABC at a price of $0.10 per share. (See note 19)

10. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited number of common shares without par value.

(b) Issued Share Capital

At April 30, 2012, the Company had 86,305,285 common shares outstanding (April 30, 2011 – 81,805,285).

On January 27, 2012, the Company closed a non-brokered private placement of 1,000,000 units at a price of $0.10 per unit, for proceeds totaling $100,000. Each unit was comprised of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of $0.15 per share until January 27, 2014.

On January 18, 2012, the Company closed a non-brokered private placement of 1,000,000 units at a price of $0.10 per unit, for proceeds totaling $100,000. Each unit was comprised of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of $0.15 per share until January 18, 2014.

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 totaling $625,000. Each unit was comprised of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of $0.35 per share until May 11, 2012.

(c) Share Options

The Company has a share 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 share options. The term of the share options granted are fixed by the board of directors and are not to exceed five years. The exercise prices of the share 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 preceding the day on which the directors grant the share options, less any discount permitted by the Exchange, but shall not be less than $0.10 per share. The share 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 share option, commencing on the date of grant. Other terms and conditions are as follows: all share options are non-transferable; no more than 5% of the issued shares

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

(c) Share Options (continued)

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 share options to insiders, within a 12 month period, exceeding 5% of the Company=s issued shares; and share 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 share options for years ended April 30, 2012 and April 30, 2011 is as follows:

	April 30, 2012		April 30, 2011	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning of year	5,149,000	$ 0.35	7,208,928	$ 0.33
Granted	-	-	430,000	0.23
Exercised	-	-	(100,000)	(0.22)
Cancelled/Expired	(644,000)	(0.13)	(2,389,928)	(0.26)
Outstanding, end of year	4,505,000	$ 0.39	5,149,000	$ 0.35

As at April 30, 2012, the Company had share options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)
May 15, 2013	1,000,000	1,000,000	$ 0.07	0.23
June 11, 2013	1,000,000	1,000,000	0.13	0.25
July 2, 2013	200,000	200,000	0.03	0.05
July 10, 2013	200,000	200,000	0.03	0.05
November 5, 2013	150,000	150,000	0.01	0.06
January 12, 2014	150,000	150,000	0.01	0.06
August 7, 2014	200,000	200,000	0.01	0.10
January 21, 2015	775,000	775,000	0.05	0.47
April 28, 2015	400,000	400,000	0.02	0.26
May 1, 2015	100,000	100,000	0.01	0.06
October 1, 2015	330,000	330,000	0.02	0.25
	4,505,000	4,505,000	$ 0.39	1.84

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

(c) Share Options (continued)

As at April 30, 2011, the Company had share options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)
September 7, 2011	614,000	614,000	$ 0.01	0.04
April 11, 2012	30,000	30,000	0.01	0.01
May 15, 2013	1,000,000	1,000,000	0.07	0.40
June 11, 2013	1,000,000	1,000,000	0.08	0.41
July 2, 2013	200,000	200,000	0.03	0.08
July 10, 2013	200,000	200,000	0.03	0.08
November 5, 2013	150,000	150,000	0.01	0.08
January 12, 2014	150,000	150,000	0.01	0.08
August 7, 2014	200,000	200,000	0.01	0.13
January 21, 2015	775,000	775,000	0.04	0.56
April 28, 2015	400,000	400,000	0.02	0.31
May 1, 2015	100,000	100,000	0.01	0.08
October 1, 2015	330,000	330,000	0.02	0.28
	5,149,000	5,149,000	$ 0.35	2.54

During the year ended April 30, 2011, 1,050,000 of the January 12, 2014 share options were reduced to 150,000 on amendment, and 1,489,928 of the January 21, 2015 share options expired as a result of the resignation of certain directors and the cancellation of certain consulting services agreements.

(d) Warrants

A continuity schedule of outstanding common share purchase warrants for the years ended April 30, 2012 and April 30, 2011 is as follows:

	April 30, 2012		April 30, 2011	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning of year	-	$ -	-	$ -
Issued	4,500,000	0.26	-	-
Expired	-	-	-	-
Outstanding, end of year	4,500,000	$ 0.26	-	$ -

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

(d) Warrants (continued)

As at April 30, 2012, the Company had outstanding share purchase warrants exercisable to acquire common shares of the Company as follows:

Expiry Date		Warrants Outstanding	Exercise Price	Remaining Contractual Life (In Years)
May 11, 2012		2,500,000	$ 0.35	0.03
January 18, 2014	(i)	1,000,000	$ 0.15	1.72
January 27, 2014	(i)	1,000,000	$ 0.15	1.74
		4,500,000		

(i) The Company may shorten the exercise period to 30 days if its shares trade on the Exchange at a price of $0.40 or more for 20 consecutive trading days.

Subsequent to April 30, 2012, all of the 2,500,000 share purchase warrants with an expiry date of May 11, 2012 expired unexercised.

(e) Share subscriptions

As at April 30, 2011, the Company received $470,000 in share subscriptions in respect of its non-brokered private placement that closed on May 11, 2011.

(f) Share-based compensation

The fair value of share options granted to directors, employees and consultants during the year ended April 30, 2012 was $Nil (April 30, 2011 – $83,674) of which $66,166 has been expensed as share-based compensation in the Company's consolidated statement of comprehensive loss and $17,508 has been included in exploration and evaluation assets.

For the years ended April 30, 2012 and 2011, share-based compensation expense consists of the following:

	April 30, 2012	April 30, 2011
Financial Position Category:		
Exploration and evaluation assets	$ -	$ 17,508
Expense Category:		
Employees and an officer	-	46,116
Investor relations	-	20,050
	$ -	$ 83,674

The Company estimated the fair value of share options granted using the Black-Scholes option pricing model with the following weighted average assumptions:

	April 30, 2012	April 30, 2011
Risk-free interest rate	0.00%	2.50%
Expected annual volatility	0.00%	1.30%
Expected life	0.00	5.00
Expected dividend yield	0%	0%
Share price	$0.00	$0.19
Exercise price	$0.00	$0.23

(Expressed in Canadian Dollars)

11. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended April 30, 2012 was based on the comprehensive loss of $519,773 (April 30, 2011 – $669,181) and a weighted average number of common shares outstanding of 84,776,518 (April 30, 2011 – 81,745,970).

12. RELATED PARTY TRANSACTIONS

(a) Management transactions

Management transactions with related parties during the years ended April 30, 2012 and 2011 were as follows:

	April 30, 2012		
	Short-term benefits	Share-based payments	Total
James T. Gillis Management Co. Inc. (i)	$ 90,000	$ -	$ 90,000
Williams Management Consulting (ii)	103,631	-	103,631
Wildrock Resources Consulting & Drafting (iii)	386	-	386

	April 30, 2011		
	Short-term benefits	Share-based payments	Total
James T. Gillis Management Co. Inc. (i)	$ 90,000	$ -	$ 90,000
Williams Management Consulting (ii)	99,052	-	99,052
Wildrock Resources Consulting & Drafting (iii)	23,929	-	23,929

(i) James T. Gillis Management Co. Inc.; a B.C. private company that employs the Company's Chief Executive Officer, President and Director, James T. Gillis.

(ii) Williams Management Consulting; an Australian private company controlled by Company director Russell Williams. At April 30, 2012, $10,000 (April 30, 2011 - $Nil), (May 1, 2010 - $Nil) of fees due to Williams Management Consulting/Russell Williams was included in accounts payable and accrued liabilities (note 8). Fees paid to Williams Management Consulting/Russell Williams are included within consulting fees in the consolidated schedules in note 7, exploration and evaluation assets.

(iii) Wildrock Resources Consulting & Drafting; a B.C. private company controlled by the Company's Vice-President of Exploration and Director, Christopher Wild. Fees paid to Wildrock Resources Consulting & Drafting are included within consulting fees in the consolidated schedules in note 7, exploration and evaluation assets.

(b) Officers' transactions

During the year ended April 30, 2012, share-based compensation recognized in respect of an officer was $Nil (April 30, 2011 - $20,050). Share-based compensation is comprised of share options granted pursuant to the Company's share option plan. During the year ended April 30, 2011, 100,000 share options were granted to an officer with a fair value of $0.20 per option, calculated using the Black-Scholes option pricing model.

(c) Other

At April 30, 2012, $9,292 (April 30, 2011 - $Nil), (May 1, 2010 - $Nil) due to Cassidy Gold Corp., which shares directors and officers in common with the Company, is included within accounts payable and accrued liabilities (note 8).

A director and a company controlled by a director of the Company subscribed for 160,000 units of the May 11, 2011 private placement.

(Expressed in Canadian Dollars)

13. 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.

The Company has 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 consulting agreements with a U.S. based consultant requiring payments of US$3,000 per month, and 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 April 30, 2012, the Company has $55,393 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 other companies which have directors and officers in common, and which use the same premises.

14. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of mineral property interests.

The Company's identifiable assets, located within its geographic segments of Canada and Africa are as follows:

		April 30, 2012		**April 30, 2011**		**May 1, 2010**
Canada	$	289,405	$	589,014	$	2,219,169
Africa		9,419,260		9,099,780		7,603,686
	$	9,708,665	$	9,688,794	$	9,822,855

15. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, being credit risk, liquidity risk, and market risk, which are defined as follows:

(a) 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. The Company deposits the majority of its cash and cash equivalents with high credit quality financial institutions in Canada and as a result, the Company considers its credit risk to be minimal.

(b) Liquidity risk

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

The Company's expected source of cash flow in the upcoming year will be through equity financing and future loan facilities. Cash on hand at April 30, 2012 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.

Accounts payable and accrued liabilities are due within twelve months of the consolidated statement of financial position date.

15. FINANCIAL INSTRUMENTS (continued)

(c) Market risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

(i) Interest rate risk

Interest rate risk consists of two components:

♦ To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

♦ To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

The Company is exposed to foreign currency risk with respect to cash and cash equivalents and accounts payable and accrued liabilities, as a portion of these amounts are denominated in US dollars as follows:

	US DOLLARS		
	April 30, 2012	**April 30, 2011**	**May 1, 2010**
Cash and cash equivalents	$ 10,515	$ 17,388	$ 25,808
Accounts payable and accrued liabilities	(2,222)	(24,636)	(67,710)
Rate to convert to $1.00 CDN	$ 0.9879	$ 0.9464	$ 1.0158

The Company manages foreign currency risk by minimizing the value of financial instruments denominated in foreign currency. The Company has not entered into any foreign currency contracts to mitigate this risk.

(iii) Other price risk

The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Fair value of financial instruments

The fair values of the Company's amounts receivable, accounts payable and accrued liabilities and loan payable approximate their carrying values because of the short-term nature of these instruments.

The Company uses a fair value hierarchy that categorizes inputs used in valuation techniques to measure the fair value of financial instruments:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents are all classified at level one of the fair value hierarchy. The Company's remaining financial instruments are classified as Level 2.

(Expressed in Canadian Dollars)

16. 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 exploration and evaluation assets 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 equity as well as its cash and cash equivalent balances.

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

The Company manages the 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, or acquire or dispose of assets.

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 and evaluation plans and operations through its current operating period. The Company is planning to use equity financing to support ongoing operations; however there is no assurance that additional funding and/or suitable joint venture agreements will be obtained.

The Company has no externally imposed capital requirements.

17. INCOME TAXES

A reconciliation of the statutory tax rate to the effective rate for the Company is as follows:

		April 30, 2012		April 30, 2011
Statutory tax rate		25%		25%
Loss and comprehensive loss for the year	$	(519,773)	$	(669,181)
Income tax recovery at Canadian statutory tax rate		(129,944)		(167,295)
Permanent differences		441		21,736
Share issuance costs deductible for tax purposes		(4,116)		-
Increase in unrecognized deferred income tax assets		133,619		145,559
Deferred income tax recovery	$	-	$	-

Significant components of the Company's deferred tax assets as of April 30, 2012 and 2011 and May 1, 2010 are as follows:

		April 30, 2012		April 30, 2011		May 1, 2010
Deferred income tax assets :						
Tangible assets and other	$	2,843	$	3,714	$	2,901
Undeducted share issuance costs		21,478		38,293		59,299
Exploration and evaluation assets		1,764,919		1,767,564		1,775,719
Non-capital losses		979,013		825,063		649,781
Net capital losses		143,776		143,776		143,776
Deferred income tax assets		2,912,029		2,778,410		2,631,476
Unrecognized deferred income tax assets		(2,912,029)		(2,778,410)		(2,631,476)
Deferred income tax assets	$	-	$	-	$	-

(Expressed in Canadian Dollars)

17. INCOME TAXES (continued)

As at April 30, 2012 and 2011 and May 1, 2010, the Company had deductible temporary differences for which deferred income tax assets have not been recognized because it is not probable that the related tax benefits will be realized.

As at April 30, 2012, the Company has Canadian non-capital losses of approximately $3,916,052 (April 30, 2011 - $3,300,253), (May 1, 2010 - $2,599,124) which expire in various years to 2032, as follows:

Expiry Date		Amount
2014	$	237,345
2015		185,945
2026		354,030
2027		338,420
2028		380,177
2029		462,069
2030		641,138
2031		701,129
2032		615,799
	$	3,916,052

The Company also has Canadian net-capital losses of approximately $1,150,208 (April 30, 2011 - $1,150,208), (May 1, 2010 - $1,150,208) available for deduction against future Canadian taxable income. Subject to certain restrictions, the Company also has resource expenditures for Canadian income tax purposes of approximately $14,081,000 (April 30, 2011 - $14,244,000), (May 1, 2010 - $12,722,000) available to reduce Canadian taxable income in future years.

18. TRANSITION TO IFRS

(a) Overview

These are the Company's first annual consolidated financial statements prepared in accordance with IFRS. The accounting policies described in Note 3 have been applied consistently to all periods presented, except for the application of the first-time adoption exemptions described below.

(b) First-time adoption

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 statement of financial position as at May 1, 2010, the Company's Transition Date:

Share-based payments
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.

Business combinations
To apply IFRS 3 *Business Combinations* prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.

Borrowing costs
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.

18. TRANSITION TO IFRS (continued)

(b) First-time adoption (continued)

Leases
To not assess whether arrangements contain a lease under IFRIC 4 “Determining whether an Arrangement Contains a Lease” where the same determination was made previously under Canadian GAAP. For arrangements where this determination was not made previously under Canadian GAAP, to make the assessment based on the circumstances existing at the Transition Date.

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

(c) Changes in accounting policies

The adoption of IFRS resulted in changes to the accounting policies as compared with the Company’s most recent annual consolidated 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 consolidated financial statements.

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 statements of financial position:

Impairment of (non-financial) assets
IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Canadian GAAP required a write down to estimated fair value 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 an impact on the Company’s consolidated 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, which changes in policies have no impact on its consolidated 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 an estimate of forfeitures be included in the determination of the expense associated with share option grants.

Due to the nature of the Company’s share options, this change in accounting policy did not have a significant impact on its consolidated financial statements.

(Expressed in Canadian Dollars)

18. TRANSITION TO IFRS (continued)

(c) Changes in accounting policies (continued)

Exploration and evaluation assets

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 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 exploration and evaluation assets will be reclassified to mineral properties under development.

There were no changes to the Company's accounting policies related to exploration and evaluation assets that had a significant impact on its consolidated 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's deferred tax balances, there was no significant impact on its consolidated financial statements.

(d) Reconciliation of Canadian GAAP to IFRS

The following provides reconciliations of the Company's equity and its 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 its consolidated financial statements for these comparative periods. The adoption of IFRS did not have a material impact on the consolidated statements of cash flows.

		April 30, 2011		**May 1, 2010**
Total equity under Canadian GAAP	$	9,620,600	$	9,714,107
Adjustments for changes in accounting policies		-		-
Total equity under IFRS	$	9,620,600	$	9,714,107

		April 30, 2011		**May 1, 2010**
Comprehensive loss under Canadian GAAP	$	(669,181)	$	(1,324,125)
Adjustments for changes in accounting policies		-		-
Comprehensive loss under IFRS	$	(669,181)	$	(1,324,125)

19. SUBSEQUENT EVENTS

The Company intends to reorganize its business, and effective April 13, 2012, transferred all of the issued and outstanding shares of its wholly-owned subsidiary, Société Guinéenne de Fer et de Bauxite S.A.R.L. ("SGFB"), a company incorporated under the laws of the Republic of Guinea that holds the Mamou-Dalaba bauxite permits, to its wholly-owned subsidiary, Africa Bauxite Corporation, a company incorporated under the laws of the Province of British Columbia, with the intention of making an application for the shares of Africa Bauxite Corporation to be listed on the Exchange.

19. SUBSEQUENT EVENTS (continued)

At the year ended April 30, 2012, the Company had not made a formal application for the shares of Africa Bauxite Corporation to be listed on the Exchange, and there can be no assurance that the reorganization will be accepted by the Exchange as proposed or at all. In addition, completion of the proposed reorganization is subject to the approval of the Company's shareholders and the Supreme Court of British Columbia. Should the reorganization complete as planned, shareholders of Anglo Aluminum Corp. will become shareholders of Africa Bauxite Corporation.

On June 11, 2012, Africa Bauxite Corporation issued 4,000,000 common shares at a price of $0.10 per share for aggregate cash proceeds of $400,000 as part of a seed share financing.