

# Anglo Aluminum Corp.

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2012

**(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, 2012 and the six months ended October 31, 2012 and 2011 have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not reviewed these statements.

**ANGLO ALUMINUM CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT October 31, 2012 AND APRIL 30, 2012**  
*(Expressed in Canadian Dollars)*

	<u>October 31,</u> <u>2012</u>	<u>April 30,</u> <u>2012</u> (Note 17)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3)	\$ 25,191	\$ 226,336
Amounts receivable (Note 4)	19,371	3,030
Prepaid expenses	5,971	7,950
	50,533	237,316
<b>Non-Current Assets</b>		
Equipment (Note 5)	72,075	82,015
Exploration and evaluation assets (Note 6)	9,893,665	9,389,334
	\$ 10,016,273	9,708,665
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 61,989	\$ 69,302
Loan payable	-	200,000
	61,989	269,302
<b>EQUITY</b>		
Share Capital (Note 8)	26,497,850	26,097,850
Share-Based Payments Reserve	2,103,857	2,103,857
Deficit	(19,686,529)	(19,537,592)
Equity Attributable To Owners Of The Company	8,915,178	8,664,115
Non-Controlling Interest (Note 6b)	1,039,106	775,248
	9,954,284	9,439,363
	\$ 10,016,273	\$ 9,708,665
<b>Going Concern</b> (Note 1)		
<b>Commitments</b> (Note 10)		
<b>Segmented Information</b> (Note 11)		
<b>Subsequent Event</b> (Note 15)		

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

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**ANGLO ALUMINUM CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2012 AND 2011**  
*(Expressed in Canadian Dollars)*

	Three Months Ended October 31, 2012	Three Months Ended October 31, 2011	Six Months Ended October 31, 2012	Six Months Ended October 31, 2011
<b>Administrative Expenses</b>				
Advertising	\$ 780	\$ 1,299	\$ 780	\$ 2,164
Consulting fees	-	6,000	-	12,000
Conferences	-	3,600	-	25,841
Corporate Development	-	875	-	875
Depreciation	3,119	3,650	6,238	7,276
Insurance	177	2,708	2,840	5,745
Investor relations	-	1,588	-	1,588
Management fees (Note 10)	22,500	22,500	45,000	45,000
Office and sundry	2,939	3,948	4,933	10,950
Professional fees	10,629	20,861	19,007	30,371
Rent	3,629	4,219	7,249	9,676
Transfer agent and regulatory fees	5,363	6,423	9,409	10,339
Travel and promotion	658	24,639	658	92,540
Wages and benefits	25,608	28,736	50,232	65,304
<b>Net Loss Before Undernoted Items</b>	<b>(75,402)</b>	<b>(131,046)</b>	<b>(146,346)</b>	<b>(319,669)</b>
<b>Other Income</b>				
Interest	-	586	-	1,729
Write-off mineral property under exploration	-	(1)	-	(1)
Foreign exchange gain	-	5	216	935
<b>Loss And Comprehensive Loss For The Period</b>	<b>\$ (75,402)</b>	<b>\$ (130,456)</b>	<b>\$ (146,130)</b>	<b>\$ (317,006)</b>
<b>Loss And Comprehensive Loss Attributable To:</b>				
Owners of the parent	\$ (75,402)	\$ (130,456)	\$ (146,130)	\$ (317,006)
Non-controlling interest	(104)	-	(2,809)	-
	<b>\$ (75,506)</b>	<b>\$ (130,456)</b>	<b>\$ (148,939)</b>	<b>\$ (317,006)</b>
<b>Basic And Diluted Loss Per Common Share (Note 9)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted Average Number Of Common Shares</b>				
<b>Outstanding</b>	<b>86,305,285</b>	<b>84,305,285</b>	<b>86,305,285</b>	<b>84,155,828</b>

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

**ANGLO ALUMINUM CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2012 AND 2011**  
*(Expressed in Canadian Dollars)*

	Number Of Common Shares	Equity Attributable To The Owner Of The Parent				Total	Non- Controlling Interest	Total Equity
		Share Capital	Share Subscriptions	Share- Based Payments Reserve	Deficit			
<b>Balance At April 30, 2012</b>	86,305,285	\$ 26,097,850	\$ -	\$ 2,103,857	\$ (19,537,590)	\$ 8,664,117	\$ 775,248	\$ 9,439,365
Loss and comprehensive loss for the period	-	-	-	-	(148,939)	(148,939)	-	(148,939)
Issuance for subsidiary ABC	-	400,000	-	-	-	400,000	-	400,000
Non controlling interest for subsidiary	-	-	-	-	-	-	263,858	263,858
<b>Balance At October 31, 2012</b>	86,305,285	\$ 26,497,850	\$ -	\$ 2,103,857	\$ (19,686,529)	\$ 8,915,178	\$ 1,039,106	\$ 9,954,284
<b>Balance At April 30, 2011</b>	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 period	-	-	-	-	(317,006)	(317,006)	-	(317,006)
Private placement	2,500,000	625,000	(470,000)	-	-	155,000	-	155,000
Share issuance costs	-	-	-	-	(11,690)	(11,690)	-	(11,690)
<b>Balance At October 31, 2011</b>	84,305,285	\$ 25,897,850	\$ -	\$ 2,103,857	\$ (19,330,051)	\$ 8,671,656	\$ 775,248	\$ 9,446,905

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

**ANGLO ALUMINUM CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2012 AND 2011**  
*(Expressed in Canadian Dollars)*

	<b>Three months ended October 31 2012</b>	<b>Three months ended October 31 2011</b>	<b>Six months ended October 31 2012</b>	<b>Six months ended October 31 2011</b>
<b>Cash Provided By (Used For):</b>				
<b>Operating Activities</b>				
Loss and comprehensive loss for the period	\$ (75,506)	\$ (130,456)	\$ (148,939)	\$ (317,006)
Items not requiring cash:				
Depreciation	3,119	3,650	6,238	7,276
Write-off mineral property	-	1	-	1
Net change in non-cash working capital items	10,867	(19,990)	(221,675)	23,334
Cash used for operating activities	(61,520)	(146,795)	(364,376)	(286,395)
<b>Investing Activities</b>				
Acquisition of equipment	-	(333)	-	(7,992)
Payments for exploration and evaluation assets	(139,115)	(90,362)	(236,769)	(192,254)
Cash used for investing activities	(139,115)	(90,695)	(236,769)	(200,246)
<b>Financing Activities</b>				
Repayment from related party	-	(9,827)	-	2,029
Issuance of common shares for cash	-	-	400,000	155,000
Payment of share issuance costs	-	-	-	(11,690)
Cash provided by financing activities	-	(9,827)	400,000	145,339
<b>Decrease In Cash And Cash Equivalents</b>	(200,635)	(247,317)	(201,145)	(341,302)
<b>Cash And Cash Equivalents, Beginning Of Period</b>	225,826	378,686	226,336	472,671
<b>Cash And Cash Equivalents, End Of Period</b>	\$ 25,191	\$ 131,369	\$ 25,191	\$ 131,369
<b>Supplemental Information</b>				
Interest received in cash	\$ -	\$ -	\$ -	\$ -
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.

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

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2012**  
*(Expressed in Canadian Dollars)*

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**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 \$148,939 for the six months ended October 31, 2012 (October 31, 2011 – loss of \$317,006), and has a working capital deficiency of \$11,456 as at October 31, 2012 (October 31, 2011 – working capital 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 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 13 and 14 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. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

The Company is following the same accounting policies and methods of computation in these interim consolidated financial statements as it did in the audited consolidated financial statements for the year ended April 30, 2012.

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended April 30, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

These interim consolidated financial statements for six months ended October 31, 2012 were authorized for issue by the Board of Directors of the Company on December 18, 2012.

**ANGLO ALUMINUM CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2012**  
*(Expressed in Canadian Dollars)*

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 FVTPL.

*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.

*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.

**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.

*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.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 optional 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.

**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 October 31, 2012 and April 30, 2012, the Company has not incurred any such obligations.

**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

**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.

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.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**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 as of October 31, 2012 and April 30, 2012.

**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.

**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.

**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 six months ended October 31, 2012, no impairment of non-financial assets were recognized (April 30, 2012 - \$1)

*Useful life of property, plant and equipment*

Property, plant and equipment are 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 October 31, 2012 was \$72,075 (April 30, 2012 - \$82,015).

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**2. SIGNIFICANT ACCOUNTING POLICIES (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 six months ended October 31, 2012 the Company recognized share-based compensation expense of \$Nil (April 30, 2012 - \$Nil).

*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 October 31, 2012 and April 30, 2012 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.

**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.

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.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

**3. CASH AND CASH EQUIVALENTS**

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

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	<b>October 31, 2012</b>	<b>April 30, 2012</b> (Note 17)
Cash	\$ 25,191	\$ 226,336
Money market funds	-	-
	<b>\$ 25,191</b>	<b>\$ 226,336</b>

**4. AMOUNTS RECEIVABLE**

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

	<b>October 31, 2012</b>	<b>April 30, 2012</b> (Note 17)
Refund	\$ 14,913	\$ -
HST/GST receivable	\$ 4,458	\$ 2,561
	<b>\$ 19,371</b>	<b>\$ 2,561</b>

**5. EQUIPMENT**

	<b>Automotive Equipment</b>	<b>Computer Equipment</b>	<b>Leasehold Improvements</b>	<b>Office Equipment</b>	<b>Total</b>
<b>COST</b>					
<b>Balance at April 30, 2012</b>	\$ 59,262	\$ 18,993	\$ 39,928	\$ 43,119	\$ 161,302
Additions	-	-	-	-	-
<b>Balance at October 31, 2012</b>	<b>\$ 59,262</b>	<b>\$ 18,993</b>	<b>\$ 39,928</b>	<b>\$ 43,119</b>	<b>\$ 161,302</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>Balance at April 30, 2012</b>	\$ 34,579	\$ 8,882	\$ 16,456	\$ 19,370	\$ 79,287
Depreciation	3,702	1,516	2,348	2,374	9,940
<b>Balance at October 31, 2012</b>	<b>\$ 38,281</b>	<b>\$ 10,398</b>	<b>\$ 18,804</b>	<b>\$ 21,744</b>	<b>\$ 89,227</b>
<b>CARRYING AMOUNTS</b>					
At April 30, 2012 (Note 17)	\$ 24,683	\$ 10,111	\$ 23,472	\$ 23,749	\$ 82,015
At October 31, 2012	\$ 20,981	\$ 8,595	\$ 21,124	\$ 21,375	\$ 72,075

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**6. EXPLORATION AND EVALUATION ASSETS**

<b>October 31, 2012</b>	<b>Koba/ Koumbia Property</b>	<b>Mamou- Dalaba Property</b>	<b>Total</b>
<b>Acquisition Costs</b>			
Cash payment	11,147	-	11,147
Non-controlling interest	\$ -	\$ 263,797	\$ 263,797
	11,147	263,797	274,944
<b>Deferred Exploration Expenditures</b>			
Assays and geochemical	249	-	249
Camp	3,007	-	3,007
Consulting (Note 10a))	173,258	87,789	261,047
Corporation administration costs	3,393	122	3,515
Local administration costs	2,713	-	2,713
Geological	(96,407)	-	(96,407)
Technical and field staff	23,432	259	23,691
Travel and accommodations	26,579	-	26,579
Vehicle	4,993	-	4,993
	141,267	88,170	229,387
<b>Costs for the period</b>	152,414	351,967	504,331
<b>Balance, April 30, 2012</b>	8,918,961	470,373	9,389,334
<b>Balance, October 31, 2012</b>	\$ 9,071,375	\$ 822,340	\$ 9,893,665

<b>April 30, 2012 (Note 17)</b>	<b>Koba/ Koumbia Property</b>	<b>Mamou- Dalaba Property</b>	<b>Gold Creek Property</b>	<b>Total</b>
<b>Acquisition Costs</b>				
Cash payments	\$ 10,607	\$ 14,081	\$ -	\$ 24,688
<b>Deferred Exploration Expenditures</b>				
Assays and geochemical	419	-	-	419
Camp	19,973	3,083	-	23,056
Consulting (Note 10a))	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
<b>Costs For The Year</b>	314,659	27,543	-	342,202
<b>Balance, Beginning Of Year</b>	8,604,302	442,830	1	9,047,133
<b>Impairment of Exploration And Evaluation Assets</b>	-	-	(1)	(1)
<b>Balance, April 30, 2012</b>	\$ 8,918,961	\$ 470,373	\$ -	\$ 9,389,334

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**6. EXPLORATION AND EVALUATION ASSETS (Continued)**

**a. Koba/Koumbia**

During the year ended April 30, 2007, the Company entered into an option 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 km<sup>5</sup>, 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 km<sup>5</sup>. 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 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 October 31, 2012 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
<hr/>		
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
<hr/>		
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
<hr/>		
Balance, April 30, 2011		1,835,261
Mineral exploration licence fees		10,607
<hr/>		
Balance, April 30, 2012		1,845,868
Mineral exploration licence fees		11,147
<hr/>		
Balance, October 31, 2012	\$	1,857,015

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The Company entered into a Memorandum of Understanding with the Ministry of Mines, Energy and Hydraulic of the Republic of Guinea 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 October 31, 2012, the Company is not in negotiations with any potential purchasers of the Koba/Koumbia Project.

**b. Mamou-Dalaba**

Société Guinéenne de Fer et de Bauxite S.A.R.L. (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<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 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.

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, 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.

Costs incurred by the Company to October 31, 2012 are comprised of:

Payment on first share issuance	\$	470,373
Mineral exploration		351,966
Balance, October 31, 2012	\$	822,339

**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.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	<b>October 31, 2012</b>	<b>April 30, 2012 (Note 17)</b>
Trade payables	\$ 1,942	\$ 1,786
Accrued liabilities	60,047	48,224
Due to related parties	-	19,292
	<u>\$ 61,989</u>	<u>\$ 69,302</u>

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**8. SHARE CAPITAL**

**(a) Authorized Share Capital**

Unlimited number of common shares without par value

**(b) Issued Share Capital**

At October 31, 2012, the Company had 86,305,285 common shares outstanding (April 30, 2012 – 86,305,285).

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.

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 proceeding 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 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.

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**8. SHARE CAPITAL (Continued)**

A continuity schedule of the Company's outstanding share options for six months ended October 31, 2012 and April 30, 2012 is as follows:

	October 31, 2012		April 30, 2012	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning of period	4,505,000	\$ 0.39	5,149,000	\$ 0.35
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled/Expired	(400,000)	(0.46)	(644,000)	(0.13)
Outstanding, end of period	4,105,000	\$ 0.38	4,505,000	\$ 0.39

As at October 31, 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	\$ 0.35	0.54
June 11, 2013	1,000,000	1,000,000	0.15	0.59
July 2, 2013	200,000	200,000	0.03	0.67
November 5, 2013	150,000	150,000	0.013	1.01
January 12, 2014	150,000	150,000	0.01	1.20
January 21, 2015	775,000	775,000	0.05	2.50
April 28, 2015	400,000	400,000	0.02	2.49
May 1, 2015	100,000	100,000	0.01	2.50
October 1, 2015	330,000	330,000	0.02	2.92
	4,105,000	4,050,000	\$ 0.38	1.40

**(d) Warrants**

A continuity schedule of outstanding common share purchase warrants for the six months ended October 31, 2012 and year ended April 30, 2012 is as follows:

	October 31, 2012		April 30, 2012	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning of year	4,500,000	\$ 0.26	-	\$ -
Issued	-	-	4,500,000	0.26
Expired	2,500,000	0.35	-	-
Outstanding, end of year	2,000,000	\$ 0.15	4,500,000	\$ 0.26

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**8. SHARE CAPITAL (Continued)**

As at October 31, 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)
January 18, 2014	(i)	1,000,000	\$ 0.15	1.22
January 27, 2014	(i)	1,000,000	\$ 0.15	1.24
		2,000,000		

(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.

**(e) Share-based compensation**

The fair value of share options granted to directors, employees and consultants during the six months ended October 31, 2012 was \$Nil (July 31, 2011 – \$Nil).

**9. LOSS PER SHARE**

**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the six months ended October 31, 2012 was based on the comprehensive loss of \$146,130 (October 31, 2011– \$317,006) and a weighted average number of common shares outstanding of 86,305,285 (October 31, 2011– 84,155,828).

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**10. RELATED PARTY TRANSACTIONS**

Management transactions with related parties during the six months ended October 31, 2012 and 2011 were as follows:

	<b>October 31, 2012</b>		
	<b>Short-term benefits</b>	<b>Share-based payments</b>	<b>Total</b>
James T. Gillis Management Co. Inc. (i)	\$ 45,000	\$ -	\$ 45,000
Williams Management Consulting (ii)	44,268	-	44,268
	<b>October 31, 2011</b>		
	<b>Short-term benefits</b>	<b>Share-based payments</b>	<b>Total</b>
James T. Gillis Management Co. Inc. (i)	\$ 45,000	\$ -	\$ 45,000
Williams Management Consulting (ii)	93,975	-	93,975

- (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. Fees paid to Williams Management Consulting/Russell Williams are included within consulting fees in the consolidated schedules in note 7, exploration and evaluation assets.

**10. 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 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 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 October 31, 2012, the Company has \$48,173 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.

**11. 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:

	<b>October 31, 2012</b>	<b>October 31, 2011</b>
<b>Canada</b>	\$ 86,714	\$ 217,945
<b>Africa</b>	9,929,559	9,274,835
	\$ 10,016,273	\$ 9,492,780

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**12. 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:

**1. 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.

**2. 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 October 31, 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.

**(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:

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	US DOLLARS	
	October 31, 2012	October 31, 2011
Cash and cash equivalents	\$ 4,745	\$ 186
Accounts payable and accrued liabilities	-	14,486
Rate to convert to \$1.00 CDN	\$ 1.0146	\$ 1.0541

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.

**13. 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.

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**14. INCOME TAXES**

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

	<b>October 31, 2012</b>	<b>April 30, 2012</b>
Statutory tax rate	25%	25%
<b>Loss and comprehensive loss for the year</b>	\$ (143,346)	\$ (519,773)
Income tax recovery at Canadian statutory tax rate	(35,837)	(129,944)
Permanent differences	441	441
Share issuance costs deductible for tax purposes	(2,058)	(4,116)
Increase in unrecognized deferred income tax assets	37,454	133,619
<b>Deferred income tax recovery</b>	\$ -	\$ -

Significant components of the Company's deferred tax assets as of October 31, 2012 and April 30, 2012 are as follows:

	<b>October 31, 2012</b>	<b>April 30, 2012</b>
<b>Deferred income tax assets:</b>		
Tangible assets and other	\$ -	\$ 2,843
Undedicated share issuance costs	19,420	21,478
Exploration and evaluation assets	1,994,356	1,764,919
Non-capital losses	1,026,306	979,013
Net capital losses	143,776	143,776
Deferred income tax assets	3,183,858	2,912,029
Unrecognized deferred income tax assets	(3,183,858)	(2,912,029)
<b>Deferred income tax assets</b>	\$ -	\$ -

As at October 31, 2012 and April 30, 2012, 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 October 31, 2012, the Company has Canadian non-capital losses of approximately \$4,105,227 (April 30, 2012 - \$3,913,180), which expire in various years to 2033, as follows:

<b>Expiry Date</b>	<b>Amount</b>
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
2033	189,175
	<b>\$ 4,105,227</b>

The Company also has Canadian net-capital losses of approximately \$1,150,208 (April 30, 2012 - \$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 \$14,824,832 (April 30, 2012 - \$14,320,501), available to reduce Canadian taxable income in future years.

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**15. SUBSEQUENT EVENT**

The Company has submitted all of the required paperwork necessary for renewal of the Koba Koumbia bauxite permit situated in the Republic of Guinea, West Africa, the permit has not yet been renewed by the applicable government authorities. Anglo understands that no permits are being renewed until the Republic of Guinea implements the new mining code that was recently adopted. The current permit was in good standing until November 5th, 2012. Until the permit is renewed, Anglo is continuing with data compilation of results from previous exploration work.

As previously announced on July 27, 2012, the exploration permit comprising Anglo's Mamou-Dalaba bauxite project, also situated in Guinea, has also not yet been renewed for the same reason as noted above.

The Company intends to reorganize its business and 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.

The Company has 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 Anglo's shareholders and the Supreme Court of British Columbia. Accordingly, no assurance can be given that the proposed reorganization will not be completed as envisaged, nor that Anglo will achieve its reorganization objectives.

**16. COMPARATIVE FIGURES**

The comparative figures disclosed as at April 30, 2012 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 to the financial presentation adopted for in the current period. These changes have no effect on the loss for the prior period disclosed.