african aura
resources ltd

African Aura Resources Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Period Ended September 30, 2008

This management discussion and analysis ("MD&A") has been prepared based on information available to African Aura Resources Limited (the "Company" or "African Aura") as at November 25, 2008. It is Management's assessment and analysis of the results and financial condition of the Company. The Company became a reporting issuer on March 31, 2008. This MD&A should be read in conjunction with the Company's consolidated financial statements and the related notes for the quarters ended September 30, 2008 and September 30, 2007. The Company's consolidated financial statements and the related notes have been prepared in accordance with International Financial Reporting Standards (IFRS). For a reconciliation of these numbers to generally accepted accounting principles in Canada, see Note 16 to the consolidated financial statements. The financial statements for the quarter ended September 30, 2008 has not been audited by the Company's auditors. All dollar amounts referred to in this MD&A are expressed in United States Dollars, unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com or on the Company's website at www.african-aura.com.

OVERVIEW

DESCRIPTION OF BUSINESS

African Aura is focused on gold, iron ore and uranium exploration and development in sub Saharan Africa. Through its subsidiaries, the Company holds exploration licences in Cameroon and Liberia, with the aim of discovering and developing projects with economic potential. The Company will consider entering joint ventures on projects with other companies who would provide funding and specific expertise for their further exploration and development.

African Aura was incorporated in the British Virgin Islands on August 10, 1998 as Cogefi Finance Inc. under the International Business Companies Ordinance and laws of the British Virgin Islands. The Company changed the name to African Aura Resources Limited on January 20, 2004. On June 30, 2007 the Company changed its financial year end from December 31 to June 30. The financial statements contained in this and the activities described in the following management discussion and analysis relate to the operations of the Company.

Overview

Having initially selected gold as the commodity of prime interest, African Aura's strategy has been to target highly prospective, under-explored terrain in Liberia and Cameroon. Within African Aura, there is a continual process of technical assessment and evaluation of the prospectivity of each individual licence area. Through its subsidiaries the Company is presently undertaking exploration for gold, iron ore and uranium.

From late 2004, activity initially focused on gold exploration within two, 400km2 exploration licences in Liberia which have since been reduced in size to 200km2 each. In 2005 African Aura acquired data on historic mineral occurrences in Cameroon from the Bureau de Recherches Geologiques et Minières (BRGM) which showed that the country contains highly prospective geological domains for gold, uranium and iron deposits. Parts of the country are underlain by Archaean-age Congo Cratonic rocks, which is the same rock unit that hosts economic gold and iron deposits in the Democratic Republic of Congo and Gabon. Other parts of the country are underlain by Palaeoproterozoic age rocks dated to the Birimian, that enclose regional scale structures that transect prospective host lithologies with known gold endowment. Based on this information, the Company, through its subsidiaries, applied for and has been granted eight exploration licences in Cameroon totaling approximately 7,500km^2.

Significant events for the three months ending September 30, 2008 through the date of this report are:

- Ongoing drilling at the Kambele prospect at the Batouri gold project in eastern Cameroon has established a significant zone of mineralisation running along the axis of the main trend of artisinal workings with grades of 3.77 g/t Au over 9m, 65.9g/t over 2.67m and 132g/t Au over 1m. Current and planned drilling is targeting this zone along the entire strike length of the 3.5km long axis of workings and a >250 ppb Au gold in soil anomaly.

- Ongoing drilling at the Dimako prospect in Batouri has returned high gold grades including 12.98g/t gold over 2.4m, and 16.44g/t gold over 1.10m

- An 8km long gold in soil anomaly defined by a greater than 25ppb gold contour has been outlined at Djengou on the Batouri licence based on a regional soil sampling programme, with samples collected at 200m intervals on 200m spaced lines.

- In light of the weak global financial markets, the Company has reduced its exploration budget by more than 75%, to a projected cash burn rate that will sustain the Company for at least 3 years while maintaining its drilling programmes. At the same time, African Aura continues to assess merger and acquisition opportunities in order to identify a potential transaction that will create significant value for shareholders.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND CONTROLS

The Interim Consolidated Financial Statement of the Company for the three months ended September 30, 2008 (with comparatives for the three months ended September 30, 2007); and financial year ended June 30, 2008, have been prepared by Management in accordance with International Financial Reporting Standards (IFRS) and have been reviewed by the Company's Audit Committee and approved by the Company's Board of directors (the "Board"). The integrity and objectivity of these Consolidated Financial Statements are the responsibility of Management. In addition, Management is responsible for ensuring that the information contained in this MD&A is consistent, where appropriate, with the information contained in the Consolidated Financial Statements.

In support of this responsibility, the Company's Management maintains a system of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. When alternative accounting methods exist, Management has chosen those methods it deems most appropriate in the circumstances. The Consolidated Financial Statements may contain certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the Consolidated Financial Statements are presented fairly in all material respects.

The Board is responsible for ensuring that Management fulfils its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and has three independent experts who are not involved in the Company's daily operations. The Audit Committee meets periodically with Management and/or the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the Consolidated Financial Statements.

SUMMARY OF PERFORMANCE

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table provides a summary of financial data of the Company for the quarter ended September 30, 2008 and the financial period ended September 30, 2007.

	3 months ended September 30 2008	**3 months ended September 30 2007**	**Year ended June 30 2008**	**Period ended June 30 2007 (6 months)**
	US$	**US$**	**US$**	**US$**
Interest income	56,000	38,000	304,000	33,000
Net loss	(124,000)	(112,000)	(575,000)	(988,000)
Net loss per share (cents)	(0.31)	(0.35)	(1.42)	(3.11)
Total assets	18,477,000	13,245,000	19,934,000	11,114,000
Total long-term debt	Nil	Nil	Nil	Nil
Shareholders' equity	17,087,000	4,237,000	18, 567,000	11,051,000
Cash dividends declared per share	Nil	Nil	Nil	Nil

As at September 30, 2008, the Company had assets of US$ 18,477 million (September 30, 2007: US$ 13,245 million and a net equity position of US$ 17.09 million (September 30, 2007: US$ 4.24 million.

As at September 30, 2008, the amount of cash was US$ 8.47 million (September 30, 2007: US$ 8.43 million). The *increase* in cash over the twelve month period ended June 30, 2008 was mainly due to the proceeds received from the Company's listing on the Venture Exchange of the Toronto Stock Exchange.

For the 3 months period ended September 30, 2008, the Company earned interest of US$ 56,000 (September 30, 2007: US$ 38,000). This is due to investing surplus cash on to the money market where interest rates are higher than the operating accounts in which the money is held. The Company listed on March 31, 2008. There are no results for comparative quarters because no comparable quarters results were produced.

OPERATIONS REVIEW

The following describes a review of the Company's operations in the period. In light of current poor market conditions for the securities of publicly traded exploration and development companies, African Aura is making cost reductions and efficiencies and is reviewing its expenditure, burn rate and budgets on a project by project and month by month basis in order to optimise use of shareholder funds. The Company's board continuously monitors potential strategic growth opportunities to create shareholder value through undertaking a merger and / or acquisitions.

Cameroon, Central Africa

Batouri Gold Project, Eastern Cameroon
The Batouri licence covers an area of 1,000km^2 in the Eastern Province of Cameroon. It hosts a 16km long and up to 8km wide discontinuous trend of gold mineralisation as defined by the Company's soil sampling programmes and artisanal gold workings. Three granite-hosted prospects have been defined to date at Kambele, Dimako, and Djengou. The Kambele prospect is a quartz vein stockwork target and at Mongonam and Djengou the targets are linear, possibly shear zone hosted, quartz vein targets.

Highlights:

- 3,682.30m drilled in 32 holes at the Kambele prospect. Selected intercepts include 3.77g/t Au over 9m, 132g/t Au over 1m and 65.9g/t Auover 2.67m.

- 1,297.47m drilled in 15 holes to date at the Dimako prospect with visible gold observed in 4 holes and selected intercepts including 12.0g/t Au over 2.4m.

- New target identified at the Djengou prospect which is up to 8km in length based on a gold in soil anomaly above 25ppb Au and field prospecting.

- Up to 5,000m of drilling planned for 2009 to define an initial resource estimate.

The Company has completed soil sampling, ground geophysical surveys and drilling on the project. Two in-house diamond drill rigs are testing for gold mineralised structures as indicated at surface by the Company's previous surveys. With the appointment of a new drill manager in Cameroon, African Aura has markedly increased the drilling rate whilst reducing the costs of running its two in house diamond coring rigs.

As of 25th November 2008, 32 holes have been drilled at the Kambele prospect for a total of 3,682.30m. Assay results from the first 25 holes returned to date include

3.77g/t Au over 9m, 132g/t Au over 1m and 65.9g/t Au over 2.67m. In addition 15 holes have been drilled at the Dimako prospect for a total of 1,297.47m. Assays from the first 5 holes returned to date include 12.0g/t Au over 2.4m from hole DMDD001 and 16.44g/t Au over 1.10m from DMDD003 with visible gold intersected in two further holes. Drilling at both prospects is on going at the time of this report.

Djoum Gold and Iron Ore Project, Southern Cameroon
The Djoum licence covers an area of 998km^2 and targets gold and iron ore in the Southern Province of Cameroon. The licence encompasses approximately 75km of an Archaean greenstone belt which was identified through interpretation of aeromagnetic data. The greenstone belt extends for approximately 75km further into the Company's contiguous Akonolinga licence.

Highlights:

- Licence wide drainage sampling completed and follow up soil sampling undertaken
- Nkout iron project defined with potential 13km strike length based on reconnaissance sampling and open source aeromagnetic data

The Company has completed licence-wide reconnaissance drainage sampling and prospect scale soil sampling at the project. Results from the drainage sampling defined numerous water sheds in which gold has been concentrated. Follow up soil sampling programmes have yet to define a potential hard rock source. Interpretation of open source airborne geophysical data and preliminary mapping and reconnaissance grab sampling by the Company has identified a potentially significant, iron rich formation at Nkout prospect traceable for a length of up to 13km.

While the Company's Djoum licence, granted by the Ministry of Industry Mines and Technological Development, does not explicitly reference iron ore, the Company considers that in accordance with the Mining Law of Cameroon, the Company holds the rights to explore for all minerals, including iron ore. The Company is in the process of identifying a financially and technically robust, international iron ore mining and steel fabricating company with which to conclude a joint venture in order to fast track the exploration and potential development of the Nkout iron prospect.

The Company is currently revaluating its expenditure plans for gold exploration on the licence in view of the exploration results on the Company's other licences and current market conditions.

Ntem Gold and Iron Ore Project, Western Cameroon
The Ntem licence covers an area of 987km^2 and targets gold and iron ore in the Southern Province of Cameroon. The licence contains greenstone rocks of Archaean age coincident with areas of artisanal alluvial gold mining. Reconnaissance stream sediment and prospect scale soil sampling have been undertaken by the Company on the project. Results have identified a gold mineralised contact between basement and greenstone rocks. A programme of systematic trenching is underway which is designed to locate potential hard rock gold mineralisation. The decision to undertake further trenching will be based on the results from the first phase of trenching.

Meanwhile, reconnaissance mapping, stream sediment and soil sampling programmes may be planned to define new prospect areas.

Separately the company is designing an exploration programme for potential iron ore deposits as identified by historical mapping of the licence area.

The Company is currently revaluating its expenditure plans for gold exploration on the licence in view of the exploration results on the Company's other licences and current market conditions.

Akonolinga Gold and Iron Project, Southern Cameroon
The Akonolinga licence covers an area of $996km^2$ targeting gold and iron in the Southern Province of Cameroon. The licence contains greenstone rocks of Archaean age coincident with areas of artisanal alluvial gold mining. The licence encompasses approximately 75km of an Archaean greenstone belt which was identified through interpretation of aeromagnetic data. The greenstone belt extends approximately 75km further into the Company's contiguous Djoum licence. The Company has undertaken licence-wide reconnaissance stream sediment and prospect scale soil sampling. Results from the stream sampling defined numerous drainages, within a 20km long and 10km wide corridor, in which gold has been concentrated. Follow up soil sampling has been completed across a 5km by 7.5km section of the area from which assay results have revealed a 1.7km long, NNE striking zone of gold anomalism.

Interpretation of open source airborne geophysical data has identified the potential for iron ore rich formations, exploration of which may be planned and undertaken in 2009, subject to market conditions.

The Company is currently evaluating the future exploration strategy for this licence in view of the exploration results on the Company's other licences and current market conditions.

Rey Bouba Gold Project, Northern Cameroon
The Rey Bouba licence covers an area of $992km^2$ and targets gold in the Northern Province of Cameroon. The licence encompasses an 80km long segment of the Central African Shear Zone (CASZ), a structure that transects volcano-sedimentary rocks of Birimian age, coincident with artisanal gold mining occurrences.

Reconnaissance mapping within the licence has identified several areas of both active and historic artisanal gold mining activity. Analysis of historical geochemical data and geological mapping by the Company's geologists has defined a 12km long structure on which the Company has conducted a soil sampling programme across an area of $1.5km^2$.

The Company is currently evaluating the future exploration strategy for this licence in view of the exploration results on the Company's other licences. Subject to further analysis of exploration results, the Company plans to undertake a programme of systematic trenching and to extend the soil sampling grid along the trace of the structure in order to define further areas of gold anomalism for subsequent trenching and ultimately drilling. Soil sampling and trenching programmes may also be undertaken across other areas displaying evidence of hard rock artisanal gold mining.

Tchollire Gold Project, Northern Cameroon
The licence covers an area of 992km^2 and targets gold in the Northern Province of Cameroon. It encompasses a kilometric scale fold structure, defined by geological interpretation of satellite images, within volcano-sedimentary rocks of Palaeoproterozoic age with possibly structurally controlled occurrences of active artisanal gold mining. Reconnaissance mapping within the licence has identified several areas of both active and historic artisanal gold mining activity.

The Company is currently evaluating the future exploration strategy for this licence in view of the exploration results on the Company's other licences and current market conditions.

Essong Uranium Project, Southern Cameroon
The Essong licence is held by the Company's 70% owned subsidiary Ridgeway Energy Limited and covers an area of 991km^2 targeting uranium in the Southern Province of Cameroon. It encompasses several mapped uranium occurrences recorded by the BRGM in Archaean age rocks. Reconnaissance stage exploration has indicated that an area in the west of the licence contains anomalous uranium which will be field checked.

The Company is currently evaluating the future exploration strategy for this licence in view of the exploration results on the Company's other licences and current market conditions.

Bantadje Uranium Project, Northern Cameroon
The Bantadje licence is held by the Company's 70% owned subsidiary Ridgeway Energy Limited and covers an area of 482km^2 targeting uranium in the Northern Province of Cameroon. It encompasses two uranium occurrences mapped by the BRGM in volcano-sedimentary rocks of Palaeoproterozoic age. Results from the reconnaissance stage exploration undertaken by the Company have proven inconclusive.

The Company is currently evaluating the future exploration strategy for this licence in view of the exploration results on the Company's other licences and current market conditions.

Note
Ridgeway Energy Ltd was granted two further exploration licences of approximately 1,000km^2 each in November 2008 in the west of Cameroon that target sediment and granite hosted uranium occurrences.

Fermont Mining Limited
On 25th April 2008 the Company incorporated Fermont Mining Limited as a 100% owned subsidiary in the Seychelles, through which it plans to undertake iron ore exploration and development in Cameroon.

Liberia, West Africa
The Company holds two Mineral Exploration Agreements (exploration licences) in western Liberia for gold, related minerals and diamonds. These MEAs comprise the

North Bea (originally 400km^2) and East Kpo (originally 400km^2) licences. Both licences were valid for an initial term of three years from the date they became operational (February 1, 2005) having been granted on February 27, 2004. On expiry of the initial three year term on February 1, 2008, the licences were reduced in area by 50% in accordance with the provision of the Mining Code of Liberia.

The licences are now 200km^2 each in area, and valid for a further 18 months from February 1, 2008. The MEAs will allow the Company to work up to the feasibility stage at which time, or upon their expiry a Mineral Development Agreement (mining licence) can be automatically applied for which will permit hard rock mining.

In light of the Company's exploration activities in Cameroon and the current market conditions, the Company is considering seeking a joint venture partner for the project in order to share the exploration expenditure. The objective of any joint venture would be to delineate further mineralisation at the prospects identified to date through a follow up drilling programme.

North Bea Gold Project, western Liberia

The North Bea licence covers an area of 200km^2 in western Liberia. It contains the Fula Camp and Soso Camp shear zone hosted gold prospects, which are located 4.5km apart along a north south gold mineralised trend in Archaean age rocks. Both Fula camp and Soso camp are the subject of active hard rock and alluvial gold mining. The licence also hosts the Camp Israel diamond prospect which was the subject of the Heads of Agreement with Stellar Diamonds Limited.

At the Fula Camp prospect the Company has undertaken a programme of soil sampling, trenching and drilling which has defined an 800m long gold bearing structure. Intersections from the drilling completed to date, totalling 2,163m across the project, include 14g/t Au over 12.45m, 5.37g/t Au over 9.85m, 2.41g/t Au over 21.35m and 4.27g/t Au over 6.30m. Approximately 1.3km north of the Fula Camp prospect the Company has undertaken a similar programme of soil sampling, trenching and drilling, which has defined a 450m long target. Trench results on this target included 17.29 g/t Au over 5.6m and 3.3 g/t Au over 15.0m. Drilling undertaken by the Company beneath these trenches failed to intersect significant mineralization, indicating that the zone of interest may be pinching and/ or plunging with depth.

In April 2005, recognizing the prospectivity highlighted by artisanal activity around Camp Israel in the northeast of the North Bea licence, African Aura signed a Heads of Agreement (HoA) for a diamond exploration joint venture with Mano River Resources ("Mano" – subsequently transferred to the Mano subsidiary, Stellar Diamonds Limited). The HoA detailed four phases of exploration leading to a feasibility study whereby Stellar are able to earn 78% of the diamond rights in the North Bea licence, with African Aura able to maintain a 12% share by co-funding mine construction and the government of Liberia retaining a 10% carried interest. As the request of Stellar Diamonds Limited the HoA has been terminated since no local kimberlite source for the diamonds could be located.

East Kpo Gold Project, western Liberia

The East Kpo licence covers an area of $200km^2$ in western Liberia and contains 40km of greenstone belts within Archaean age rocks. A number of prospects have been identified by the Company through its exploration programmes.

A licence-wide pan concentrate drainage survey undertaken by the Company identified five prospective areas, which have subsequently been the subject of systematic soil sampling programmes. Results from these programmes indicated that follow up work was of merit and a programme of reconnaissance trenching has been undertaken on the Glubai prospect. Results from this trenching indicate a broad zone of mineralisation with assay that include 68m grading 270ppb gold and 31m grading 272ppb gold.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This discussion and the financial statement and the documents incorporated by reference herein contain forward-looking information (as defined in the Securities Act (Ontario) and forward-looking statements (as defined in the United States Securities Exchange Act of 1934) (collectively referred to herein as "forward-looking statements"). Forward-looking statements express, as at the date of this financial statement, the Company's estimates, forecasts, projections, expectations and beliefs as to future events or results. Generally, forward-looking statements can be identified by the use of words such as "may", "will", "should", "plans", "anticipates", "believes", "estimates", "predicts", "intends", "potential" or the negative of such terms, or other comparable terminology. These forward-looking statements include, but are not limited to, statements regarding expectations of the Company as to the market price of gold, strategic plans, future commercial production, production targets, timetables, mine operating costs, fixed asset expenses, and mineral resource and reserve estimates.

Forward-looking statements involve a number of risks and uncertainties beyond the Company's ability to predict or control. Therefore, actual results and future events could differ materially from those anticipated in such statements. The forward-looking statements represent Management's best judgment based on information currently available. The Company does not assume the obligation to update any forward-looking statement. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to: general economic conditions, fluctuations in gold prices, fluctuations in petroleum prices, fluctuations in interest rates, exchange rate fluctuations, access to capital markets, risks associated with forward sales contracts, uncertainty of reserve and resource estimates, risks related to the nature of mineral exploration, mining and production, risks associated with the depletion of the Company's mineral reserves, uncertainty related to production schedules and operating costs, risks associated with the dependence on key personnel, uncertainty related to obtaining and maintaining licences and permits, competition, fluctuations in cash costs of gold production, risks related to title to mining Properties, outside contractor and construction risks, safety and other hazards, political risks, environmental risks and hazards, litigation uncertainty, fluctuations in share price and risks associated with arranging financing. The Company disclaims any obligation to update or revise these forward-looking statements except as required by applicable law.

DIVIDEND RECORD AND POLICY

The Company has not, since the date of its incorporation, declared or paid any dividends on Common Shares and does not currently have a policy with respect to the payment of dividends. The payment of dividends will depend on the earnings, if any, and the Company's financial condition and other factors as the directors of the Company consider appropriate.

RESULTS OF OPERATIONS

Review of the quarter ended September 30, 2008 and the three month period ended September 30, 2007.

The Company had no revenue other than interest income of US$ 56,000 for the quarter ended September 30, 2008 (September 30, 2007: US$ 38,000). The increase is due to placing money in term deposits which earned interest at higher rates than would have been earned if it remained in the operating accounts.

For the quarter ended September 30, 2008, the Company reported a net loss of US$ 124,000 (September 30, 2007: US$ 112,000). The net loss is more at September 30, 2008 due to the effect of the higher administrative and office expenses in the quarter. The operating loss for the three months September 30, 2008 is US$ 180,000 compared to US$ 150,000 at September 30, 2007.

Administrative, office and corporate expenses (including travel) for the three month period to September 30, 2008 were US$ 113,000 (September 30, 2007: US$ 106,000). Wages and salaries of staff were US$ 21,000 (September 30, 2007: US$ 69,000). Executive and directors' compensation for the three month period to September 30, 2008 was US$ 31,000 (September 30, 2007: US$ 28,000).

Review of the financial period ended June 30, 2008 and the three months period ended September 30, 2008.

The Company had no revenue other than interest income of US$304,000 for the financial year ended June 30, 2008 (US$ 56,000 for the three month period ended September 30, 2008). The increase is due to placing money in term deposits which earned interest at higher rates than it would have earned if it remained in the operating accounts.

For the financial period ended June 30, 2008, the Company reported a net loss of US$ 575,000 (US$ 124,000 for the three month period ended September 30, 2008).

Administrative, office and corporate expenses (including travel) for the financial period ended June 30, 2008 were US$ 176,000 (US$ 113,000 for the three month period ended September 30, 2008). Wages and salaries of staff were US$ 238,000 for the financial period ended June 30, 2008 (US$ 21,000 for the three month period to September 30, 2008. There were no staff prior to April 2007 – only directors).

Directors' fees and compensation for the financial period ended June 30, 2008 was US$ 469,000 (US$ 31,000 for the three month period to September 30, 2008).

During the financial year ended June 30, 2008, the Company invested US$ 3.71 million in exploration activities on the Properties (US$ 1.14 million for the three month period ended September 30, 2008).

Comparison of the financial position at September 30, 2008 and September 30, 2007.

At September 30, 2008, the Company had assets of US$ 18.48 million (September 30, 2007: US$ 13.25 million). The amount of cash was US$ 8.47 million (September 30, 2007: US$ 8.43 million). The increase in cash during the financial year ended September 30, 2008 was due mainly to the proceeds received from the Company's listing on the TSX Venture Exchange.

At September 30, 2008 the expenditure on the exploration Properties and deferred exploration amounted to US$ 9.69 million (this includes the amount of US$1.23 million, spent on plant and equipment.) At September 30, 2007 the comparative amount was US$ 4.44 million. It highlights the amount of work carried out over the twelve months period on the exploration Properties. The Company listed on March 31, 2008. There are no results for comparative quarters because no comparable quarters results were produced.

Accrued liabilities increased from US$ 68,000 at September 30, 2007 to US$ 282,000 at September 30, 2008.

The shareholders equity increased from US$ 4.24 million to US$ 17.09 million due to proceeds received from the Company's listing on the TSX Venture Exchange.

VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

For the cumulative period up to September 30, 2008. Amounts in US$'000

Capitalised exploration and pre-development costs	8,454
Expensed research and development costs	Nil
Deferred development costs	Nil
Other material costs	Nil

Analysis of exploration and pre-development costs	
Drilling and assaying	2,347
Geophysics and associated costs	1,881
Licences	333
Site costs	1,051
Staff costs	1,951
Travel	556
Administrative and associated costs	335
Total	**8,454**

Analysis of General and Administration Expenses

	Three months ended September 30, 2008	Financial year ended June 30, 2008	Financial period ended June 30, 2007 (6 months)	Financial year ended December 31, 2006	Financial year ended December 31, 2005
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Stock based compensation	Nil	Nil	709	Nil	363
Wages and Salaries	21	238	30	Nil	Nil
Directors' fees and salaries	31	469	166	168	80
Admin. and office expenses	104	257	57	65	16
Travel and subsistence	9	107	23	15	4
Foreign exchange	15	(143)	36	7	Nil

SUMMARY OF QUARTERLY RESULTS & FOURTH QUARTER

Quarter ended	Interest income	Net (loss)	Net (loss) per share
September 30, 2008	56,000	(124,000)	(0.31)
June 30, 2008	100,000	(97,000)	(0.07)
March 31, 2008	70,000	(165,000)	(0.51)
December 31, 2007	96,000	(200,000)	(0.63)
September 30, 2007	38,000	(113,000)	(0.35)
June 30, 2007	18,000	(803,000)	(2.63)
March 31, 2007	15,000	(185,000)	(0.58)
December 31, 2006	11,000	(99,000)	(0.36)
September 30, 2006	13,000	(49,000)	(0.18)
All amounts are in US Dollars, except net loss per share which is in US cents.			

The Company's interest income has generally increased as a result of higher cash and cash equivalents following share issuances during 2007 and 2008.

LIQUIDITY & CAPITAL RESOURCES

In Management's view, the most meaningful information concerning the Company relates to its current liquidity and solvency since it is not currently generating any income from its mineral projects.

The Company has previously raised capital for its operations through the issuance of securities of the Company and from the exercise of share options. Although the Company has been successful in the past in raising finance, there can be no assurance that any funding required by the Company in the future will be made available to it and, if such funding is available, that it will be offered on reasonable terms or that the Company will be able to secure such funding through third party financing or joint ventures. Furthermore, there is no assurance that the Company will be able to secure new mineral Properties or projects or that they can be secured on competitive terms.

The Properties are in the exploration and development stage and, as a result, the Company has no source of operating cash flow. The exploration and development of the Properties depends on the Company's ability to obtain financing.

As at September 30, 2008, the Company had cash or other current assets of US$ 8,791,000 and total liabilities of US$ 282,000, excluding derivative liability.

The Company completed an initial public offering on March 31, 2008 on the TSX Venture Exchange and raised CDN$ 7,922,000 gross proceeds to fund its exploration and development program.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred the following expenses for directors or corporations controlled by directors or officers of the Company or to corporations in which directors of the Company were also directors.

Detail	**Three month ended September 30 2008**	**Financial year ended June 30 2008**	**Financial period ended June 30 2007 (6 months)**	**Financial year ended December 31 2006**	**Financial year ended December 31 2005**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Executive and directors' compensation	31,000	508,000	238,000	264,000	120,000

Executive and directors' compensation represents payments to David Netherway (Chairman), John Gray (President & CEO), Matthew Grainger (COO), Steven Poulton (Independent Director), Danesh Varma (Independent Director) and Manuel Lamboley (Independent Director).

No director, executive officer or principal shareholder of the Company, and no associate or affiliate of the foregoing, has had a material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company.

These transactions with related parties were within the normal course of business and have been recorded at the exchange amounts, being the amounts agreed to by the transacting parties.

OBLIGATIONS AND CONTRACTUAL COMMITTMENTS

The Company has no long term obligations or contractual commitments.

In Cameroon the Company's mineral exploration licences, being of the maximum allowable size (1,000km^2), are subject to a minimum aggregate expenditure of approximately US$624,000 each over the initial three year tenure in the case of the

Batouri, Rey Bouba, Tchollire, Ntem, Djoum, Akonolinga licences, and a minimum aggregate expenditure of approximately US$249,000 over the initial three year tenure in the case of the Bantadje licence. Expenditure is on target to achieve the commitment on all the licences held by the Company in Cameroon. The Company's licences in Cameroon are subject to an annual tax payment of CFA1,000 (equivalent to US$2.45) per km^2.

The Company's licences in Liberia are subject to a minimum expenditure of US$2.00 per acre (US$494 per km^2) per year, which expenditure has already been achieved across both licences for their duration to date.

FINANCIAL INSTRUMENTS

The balance sheet carrying amounts for cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

There is also a foreign exchange risk as some of the expenses are incurred in foreign currencies that are subject to fluctuation.

OUTSTANDING SHARE CAPITAL

The Company's authorised share capital is 500,000,000 common shares of which 67,362,540 shares have been issued as at September 30, 2008 and at the MD&A date. A further 24,454,926 shares are issuable upon the conversion of convertible securities.

CRITICAL ACCOUNTING ESTIMATES

Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Company's financial statements and the uncertainties that could impact its results of operations, financial conditions and future cash flows.

Use of Estimates

In preparing these financial statements, Management has to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates are related to the carrying value of resource interest in mineral Properties and its recoverability. Actual results could differ from those estimates.

Mineral Property Interests

The Company is an exploration and development stage company. The mineral Properties of the Company are currently being explored and the Company has not yet determined whether these Properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral Properties is dependent upon the existence of economically recoverable reserves (as established in accordance with NI 43-101), the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such Properties.

Exploration Properties and Deferred Exploration Costs

The Company's accounting policy is to defer the costs of exploration and capital assets on existing projects and carry them as assets until production commences. Exploration Properties and the deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related exploration Properties and deferred exploration expenditures will be amortised over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because continuation is not economically feasible, the exploration Properties and related exploration expenditures will be written off.

Impairment of Long-Lived Assets

Management periodically reviews the carrying value of the exploration Properties and deferred exploration expenditures to consider whether there are any conditions that may indicate impairment. Where estimates of future cash flows are available, a reduction in the carrying value is recorded to the extent the net book value of the investment exceeds the estimated undiscounted future cash flows. Where estimates of the future cash flows are not available and where other conditions suggest impairment, Management assesses if the carrying value can be recovered and provides for impairment, if so indicated.

The Company will monitor the recoverability of long-lived assets in accordance with the recommendations of the CICA Handbook Section 3063, Impairment of Long-Lived Assets. This is based on such factors as current market value, future asset utilisation, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company's accounting policy is to record an impairment loss in the period when it is determined that the carrying value of the asset may not be recoverable. Management's estimate of future commodities prices, operating costs, capital costs and the availability of resources required to develop existing Properties are utilised in the evaluation of the assets and involve subjective judgements.

CORPORATE SUBSEQUENT EVENTS
TRENDS

The mineral exploration sector has experienced significant inflows of capital in the past five years in response to increasing commodity prices driven principally by higher demand from emerging markets and fewer economic discoveries. The sector has also experienced cost inflation in labour, fuel and other supplies having the effect of reducing the marginal profitability of producing mines. In the past year commodity prices have fallen in response to a global economic downturn and the potential risk for reduced demand in future years. The net effect is to cause the share prices of resource companies to fall and for the amount of available funding for exploration companies to also fall. Cost inflation is also seen to currently be falling, as the underlying commodity prices squeeze margins.

RISKS AND UNCERTAINTIES

Apart from the risk factors noted below, Management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or operating results.

The Company, and thus the securities of the Company, should be considered a highly speculative investment and involve a high degree of financial and other risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. The Properties, in which the Company has an interest, or the option to acquire an interest, are in the early exploration stage and are without either resources or reserves. While discovery of an ore-body may result in significant rewards, few Properties which are explored are ultimately developed into producing mines. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

Limited Operating History

The Company has no history of earnings. The Properties are in the exploration stage and there are no known commercial quantities of mineral reserves on the Properties. There is no assurance that any of the Company's Properties will generate earnings, operate profitably or provide a return on investment in the future.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to and interests in the Properties, there is no guarantee that such title to or interests in the Properties will not be challenged and title insurance is generally not available. The Company's mineral Property interests may be subject to prior unregistered agreements or transfers or land claims and title may be affected by, among other things, undetected defects. Surveys have not been carried out on any of the Properties in accordance with the laws of the jurisdiction in which they are located; therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

Political and Country Risks

The political risk in sub-Saharan Africa is significant due to prolonged periods of economic and political instability.

Exploration, Development and Operating Risk

Resource exploration and development is a speculative business, characterised by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. All of the claims to which the Company has a right to acquire an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral Properties would follow only if favourable exploration results are obtained and a positive feasibility study is completed.

The business of exploration for minerals and mining involves a high degree of risk. Few Properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

No Assurance of Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production there from will be obtained or continued, or that any such production which is attempted will be profitable.

Company at Exploration Stage Only - Limited Experience with Development-Stage Mining Operations

The Company has limited experience in placing resource Properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when, and if, the Company places its resource Properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

Factors Beyond Company's Control

The exploration and development of mineral Properties and the marketability of any minerals contained in such Properties will be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Failure to Obtain Additional Financing

While the Company has the financial resources necessary to undertake its currently planned activities, there can be no assurance that the Company will be successful in obtaining any additional required funding necessary to conduct additional exploration, if warranted, on the Company's exploration Properties or to develop mineral resources on such Properties, if commercially mineable quantities of such resources are located thereon. Failure to obtain additional financing on a timely basis could cause the Company to delay or indefinitely postpone exploration, development or production on the Properties or to forfeit its interest in such Properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, the interests of shareholders in the net assets of the Company may be diluted.

Risk of International Operations

The Company is incorporated under and governed by the laws of the British Virgin Islands. All of the Company's assets are located outside Canada, and all of the Company's directors and officers are residents of countries other than Canada. As a result, it may be difficult for investors to effect service of process within Canada upon the Company and those directors, officers and experts, or to realise in Canada upon judgments of courts of Canada predicated upon civil liability of the Company and such directors, officers or experts under Canadian provincial securities laws.

Many of the mineral rights and interests of the Company are subject to government approvals, licences and permits. Such approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation.

In Cameroon and Liberia, in which the Company has assets and operations, such assets and operations are subject to various political, economic and other uncertainties, including, among other things, the risks of war and civil unrest, expropriation, nationalisation, renegotiation or nullification of existing concessions, licences, permits, approvals and contracts, taxation policies, foreign exchange and repatriation of earnings restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or the United States. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company's operations. At present, the Company carries no political risk insurance.

Risks due to Foreign Incorporation

The Company is incorporated under and governed by the laws of the British Virgin Islands and consequently shareholders may not have the same rights and protections as they would have under provincial or federal corporate law in Canada. There can be no assurance that shareholder rights and remedies available under the corporate law of the British Virgin Islands will be enforceable in Canada through Canadian courts or that any orders of the courts of the British Virgin Islands made under such corporate law will be enforceable in Canada.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral Properties or production facilities, personal injury or death, environmental damage to the Company's Properties or the Properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company will purchase insurance to protect against certain risks in such amounts as it considers reasonable, such insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

The Company's operations may be subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to comply fully with all applicable environmental regulations.

Government Regulation and Permitting
The current or future operations of the Company, including exploration and development activities and the commencement of production on its Properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that the Company may require for its current or future operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there-under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing Properties or require abandonment or delays in development of new mining Properties. To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

Lags
The Company is unable to predict the amount of time which may elapse between the date when any new mineral reserve may be discovered, the date upon which such discovery may be deemed to be economic pursuant to a feasibility study and the date when production will commence from any such discovery.

Lack of Infrastructure
Completion of the planned exploration of the Company's Properties is subject to various requirements, including the availability and timing of acceptable arrangement for power, water and transportation facilities. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay completion of the Company's planned exploration and development of these Properties. If adequate infrastructure is not available in a timely manner, there can be no assurance that the planned exploration of the Company's Properties will be completed on a timely basis, if at all.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other mining companies in connection with the acquisition of Properties producing or capable of producing, precious and base metals, gemstones and energy minerals. Many of these companies have greater financial resources, operational experience and technical facilities than the Company. Competition could adversely affect the Company's ability to acquire suitable Properties or prospects in the future. Consequently, the Company's revenue, operations and financial condition could be materially adversely affected. If the Company's costs increase due to its locations, the grade and nature of ore bodies, foreign exchange rates, or its operating and management skills, its profitability may be affected.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse affect on the Company and its prospects.

Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining Properties is limited and competition for such persons is intense. As the Company's business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although the Company believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

Securities

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Common Shares include the following:

- the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities;
- the limited trading volume and general market interest in the Company's securities may affect an investor's ability to trade the Common Shares;
- the relatively small size of the publicly held shares will limit the ability of some institutions to invest in the Company's securities; and

- a substantial decline in the Company's share price that persists for a significant period of time could cause its securities to be de-listed from any stock exchange upon which they are listed, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may decline and not accurately reflect the Company's long-term value.

Fluctuating Mineral Prices
Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. The effect of these factors on the Company's operations cannot accurately be predicted.

Conflicts of Interest
Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

Foreign Currency Exchange
Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's financing activities have been denominated in Canadian dollars, while gold prices are generally quoted in U.S. dollars. The appreciation of the U.S. dollar against the Canadian dollar, if it occurs, may have a significant impact on the Company's financial position and results of operations in the future.

OUTLOOK

The Company has revised its exploration strategy and budgeted expenditure in light of the current deteriorating market conditions for equities and the resource sector in general.

Exploration activity is being focused on the Batouri Gold licence in Eastern Cameroon, where the Company plans to continue its drilling programme to define the potential for establishing an initial gold resource in 2009. Drilling is focussed on the Kambele and Dimako prospects as well as the newly discovered Djengou prospect. Regional exploration on the licence will be completed ahead of the Company's requirement to relinquish 50% of the licence in April 2009.

On the Company's other gold, iron ore and uranium exploration licences in Cameroon, exploration budgets and programmes will be reviewed on a month by month and project by project basis in light of exploration progress and market conditions. Suitably experienced joint venture partners may be sought to share exploration costs in Cameroon, where deemed beneficial.

In the Company's recently established iron ore division, the focus will remain on attracting a suitably robust, international partner to develop the Nkout iron ore

Prospect on the Company’s Djoum licence and additional iron ore targets on the Company’s Akonolinga and Ntem licences in Cameroon.

In Liberia, the Company will consider joint venture partners to contribute to the exploration expenditure on the North Bea and East Kpo licences, where the Company has delineated a number of encouraging projects through drilling and surface sampling.