



african aura
resources ltd

African Aura Resources Limited

Interim Consolidated Financial Statements
(Unaudited)

For the Three Months Ended September 30, 2008

MANAGEMENT'S COMMENTS ON UNAUDITED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements of African Aura Resources Limited for the three months ended September 30, 2008 have been prepared by the management.

These financial statements have not been audited or reviewed by the company's external auditors.

African Aura Resources Limited

Interim Consolidated Financial Statements
For the three months ended September 30, 2008

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AFRICAN AURA RESOURCES LIMITED

Consolidated Balance Sheets

(Stated in US dollars)

At		September 30 2008 (Unaudited) \$'000	September 30 2007 (Unaudited) \$'000	June 30 2008 (Audited) \$'000
	Notes			
FIXED ASSETS				
Intangible assets	5	8,454	4,262	7,314
Property, plant and equipment	6	1,232	181	1,222
TOTAL NON-CURRENT ASSETS		9,686	4,443	8,536
CURRENT ASSETS				
Other receivable		286	347	115
Prepayments		31	27	59
Cash and cash equivalents		8,474	8,428	11,224
TOTAL CURRENT ASSETS		8,791	8,802	11,398
TOTAL ASSETS		18,477	13,245	19,934
EQUITY AND LIABILITIES				
CAPITAL & RESERVES				
Share capital	10	946	597	946
Share premium	10	18,211	3,766	18,211
Share-based payments		988	1,052	988
Foreign currency translation reserve		(665)	629	691
Deficit		(2,393)	(1,807)	(2,269)
TOTAL EQUITY		17,087	4,237	18,567
CURRENT LIABILITIES				
Derivative liability	10, 11	1,108	8,940	1,108
Other payables		282	68	259
TOTAL LIABILITIES		1,390	9,008	1,367
TOTAL EQUITY AND LIABILITIES		18,477	13,245	19,934

Approved on behalf of the Board on November 28, 2008

Signed "John Gray"

John Gray

Director

Signed "Matthew Grainger"

Matthew Grainger

Director

See accompanying notes to the consolidated financial statements.

AFRICAN AURA RESOURCES LIMITED

Consolidated Income Statements

(Stated in US dollars)

For the		3 months ended September 30 2008 (Unaudited)	3 months ended September 30 2007 (Unaudited)	Year ended June 30 2008 (Audited)
	Notes	\$'000	\$'000	\$'000
General and administration expenses				
Administrative and office expenses		104	75	69
Travel and subsistence		9	31	107
Depreciation and write-offs		-	-	188
Wages and salaries		21	69	238
Director fees and salaries		31	28	469
Foreign exchange (gain)/loss		15	(53)	(143)
Operating loss	4	(180)	(150)	(928)
Interest income		56	38	304
Gain on derivative liability		-	-	49
		56	38	353
Loss		(124)	(112)	(575)
Basic and diluted loss per share	7	(0.0031)	(0.0035)	(0.0142)

See accompanying notes to the consolidated financial statements.

AFRICAN AURA RESOURCES LIMITED

Consolidated Cash Flow Statements

(Stated in US dollars)

For the	3 months ended September 30 2008 (Unaudited) \$'000	3 months ended September 30 2007 (Unaudited) \$'000	Year ended June 30 2008 (Audited) \$'000
Notes			
Net Cash Inflow/(Outflow) from Operating activities			
Operating loss	(124)	(113)	(575)
Items not involving cash			
Depreciation & write-offs	-	-	188
Gain on derivative liability	-	-	(49)
Increase/(Decrease) in non-cash operating assets and liabilities			
Other receivables	(171)	(101)	89
Prepayments	(27)	(11)	21
Other payables	23	5	196
Net cash flow from operating activities	(299)	(220)	(130)
Investing Activities			
Property, plant and equipment	(10)	(56)	(1,259)
Intangible assets	(1,140)	(1,103)	(3,716)
Net Cash flow from investing activities	(1,150)	(1,159)	(4,975)
Net Cash Outflow before financing activities	(1,449)	(1,379)	(5,105)
Financing activities			
Shares and warrants issued	-	1,995	9,737
Buy-back of ordinary shares	-	-	(55)
Share issue expenses	-	-	(748)
Net Cash Flow from financing activities	0	1,995	8,934
Effect of exchange rate changes on cash and cash equivalents	(1,301)	266	(151)
Net Increase/(decrease) in cash and cash equivalents	(2,750)	882	3,678
Cash and cash equivalents at the beginning of the period	11,224	7,546	7,546
Cash and cash equivalents at the end of the period	8,474	8,428	11,224
Supplementary disclosure of cash flow information:			
Cash received from interest	56	38	304
Taxes paid	-	-	-
Cash in Bank - Current/call account	5,414	927	973
Cash in Bank - Fixed deposit	3,060	4,517	7,267
Cash deposit in money market	-	2,984	2,984
	8,474	8,428	11,224

See accompanying notes to the consolidated financial statements.

AFRICAN AURA RESOURCES LIMITED

Consolidated Statement of Changes in Equity

(Stated in US dollars)

	Share capital \$'000	Share warrants \$'000	Share premium \$'000	Share based payments \$'000	Foreign currency translation reserve \$'000	Deficit \$'000	Total \$'000
At June 30, 2007	592	7,019	3,697	1,059	378	(1,694)	11,051
Share issue under share option plan	2	-	8	-	-	-	10
Share Issue	3	-	53	-	-	-	56
Share Warrants	-	1,921	-	-	-	-	1,921
Share based payment	-	-	7	(7)	-	-	-
Foreign currency translation	-	-	-	-	251	-	251
Loss for the period	-	-	-	-	-	(113)	(113)
At September 30, 2007	597	8,940	3,765	1,052	629	(1,807)	13,176
At June 30, 2007	592	7,019	3,697	1,059	378	(1,694)	11,051
Share issue under share option plan	2	-	8	-	-	-	10
Shares issued for directors' fees	3	-	53	-	-	-	56
Private placement	144	-	6,316	-	-	-	6,460
Share warrants issued to brokers	-	-	(373)	-	-	-	(373)
Share issue expenses	-	-	(591)	-	-	-	(591)
Conversion of share warrants	211	(7,019)	9,079	-	-	-	2,271
Buy-back of ordinary shares	(6)	-	(49)	-	-	-	(55)
Allotment from share based payment	-	-	71	(71)	-	-	0
Foreign currency translation	-	-	-	-	313	-	313
Loss for the period	-	-	-	-	-	(575)	(575)
At June 30, 2008	946	-	18,211	988	691	(2,269)	18,567
At June 30, 2008	946	-	18,211	988	691	(2,269)	18,567
Share based payment	-	-	-	-	-	-	0
Foreign currency translation	-	-	-	-	(1,356)	-	(1,356)
Loss for the period	-	-	-	-	-	(124)	(124)
At September 30, 2008	946	0	18,211	988	(665)	(2,393)	17,087

See accompanying notes to the consolidated financial statements.

AFRICAN AURA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended September 30, 2008

(Stated in thousands of US Dollars unless otherwise indicated)

1. NATURE OF OPERATIONS

African Aura Resources Limited (the “Company”) was incorporated on August 10, 1998, in the British Virgin Islands as an International Business Company pursuant to the International Business Companies Act under the name Cogefi Finance Inc. The registered office of the Company is 24 De Castro Street, Wickham’s Cay, 1 Road Town, Tortola, British Virgin Islands. It changed its name to African Aura Resources on January 16, 2004.

The Company, which commenced operations on February 4 2004, is engaged in the acquisition, exploration and development of gold, uranium, iron ore and diamond properties in Africa. The Company is in the exploration and development stage and has no source of cash flows other than loans and equity offerings.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company’s ability to continue on a going concern basis depends on its ability to successfully raise additional financing. If the Company cannot obtain additional financing the Company may be forced to realize its assets at amounts significantly lower than the current carrying value.

Uncertainty also exists with respect to the recoverability of the carrying value of certain resource properties. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and continuing confirmation of the Company’s title to the resource properties.

2. BASIS OF PRESENTATION

The consolidated financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB.

The preparation of the financial statements is based on accounting policies and methods of application as the audited financial statements of the Company for the year ended June 30, 2008. The accompanying unaudited interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended June 30, 2008, as they do not include all the information and note disclosure required by Canadian GAAP for annual financial statements. The comparative information has been restated in accordance with IFRS.

Functional Currency

The United States Dollar has been identified as the Company’s currency of presentation and is used for external reporting purposes. The functional currency of Company’s subsidiaries, African Aura Resources (Liberia) Limited is US Dollar, African Aura Resources (Cameroun),

SARL is CFA (French Camerounian Franc), African Aura Resources (UK) is GBP (Great Britain Pound).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The financial statements of entities which are controlled by the Company through voting equity interests, referred to as subsidiaries, are consolidated. The Group financial statements consolidate the financial statements of the company and of all subsidiary undertakings (“the Group”). Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less. The Company invests in money market deposits maintained in high credit quality institutions, specifically HSBC Bank PLC, and Butterfield Bank, Bermuda.

Interest Income

Interest income earned on the deposits is recognized on accrual basis.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities and equity instruments issued by the Company

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVPL' or 'other financial liabilities'.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Intangible Assets and Impairment

The Company follows the method of accounting for its mineral properties whereby all costs related to acquisition, exploration and development are capitalized until the results of the projects, which are based on geographical areas “properties” or “licences”, are known. The carrying value of pre-production and exploration properties are reviewed periodically and either written off when it is determined that the expenditures will not result in the discovery of economically recoverable mineral reserves or transferred to producing mining property, plant and equipment when commercial development commences and amortised on a depletion percentage basis.

Some exploration and evaluation assets are treated as intangible (e.g. drilling rights), whereas other are tangible (e.g. vehicles and drilling rigs). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset.

The recoverability of deferred exploration and evaluation costs are dependant upon a number of factors common to the natural resource sector. These include but are not limited to the extent to which the Company can establish economically recoverable reserves on the properties, the ability of the Company to obtain necessary financing to complete the development of such reserves, future profitable production from operations and the ability to sell production at a profit.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other

venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transact with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Property, plant and equipment

Expenditure on additions and improvements are capitalised as incurred. Property, plant and equipment are included at historical cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Furniture & Fixtures	10% - 33% straight line basis
Equipment	25% straight line basis
Computer Equipment	25% straight line basis
Motor vehicles	20% - 33% straight line basis.

Provisions

Provisions are recognized when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the balance sheet date and are discounted to present value where the effect is material.

Other payables

Other payables are not interest bearing and are stated at their nominal value.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant balances and transactions affected by management estimates include the resource properties, deferred exploration costs, deferred tax and stock-based compensation. Actual results could differ from those estimates.

The recoverability of deferred exploration and evaluation costs are dependent upon a number of factors disclosed under “intangible assets and impairment” in Note 3, which are based on management estimates.

The amounts used to estimate fair values of stock options issued are based on estimates of future volatility of the Company’s share price, expected lives of the options, expected dividends to be paid by the Company and other relevant assumptions as disclosed in Note 12. By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements of future periods could be significant.

Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars, which is the reporting currency of the Company, and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are recorded at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses arising on translation are credited or charged against income.

The results of operations not measured in United States Dollars are translated at the average rate of exchange during the period as this is considered to be a reasonable approximation of the actual rates during the year and the operations balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences which arise from the translation of the results and balance sheets of foreign subsidiary operations are taken to foreign currency translation reserves.

Share based payments

The Company has adopted IFRS 2 “Share Based Payments” to account for share options granted. For such grants of share options, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

The Company has used historical data to determine volatility in accordance with Black-Scholes modelling, however, the future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on share based compensation and hence results of operations, there is no impact on the Company’s financial condition.

The factors affecting share based payments include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise is out of the Company’s control and will depend, among other things, upon a variety of factors including the market value of the Company shares and financial objectives of the holders of the options.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital.

Taxation

Under the present laws of the British Virgin Islands, there are no applicable taxes on the profits or income of the Company. Deferred taxation is recognised in respect of any timing differences that have originated but not reversed at the balance sheet date in the various subsidiary companies. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognised.

New accounting standards

During the year the Company adopted IFRS 7 on the disclosure of financial instruments and the consequential amendments to IAS 1 on the presentation of financial statements. The application of IFRS 7 and IAS 1 in the year ended June 30, 2008 have not affected the balance sheets or consolidated income statements as the standards are concerned with disclosure only.

International Financial Reporting Standards that have recently been issued or amended but are not yet effective: IAS 27, Consolidated and Separate Financial Statements, revised 2008 (effective July 1, 2009); IAS 32, Financial Instruments: Presentation, revised 2008 (effective January 1, 2009); IAS 23, Borrowing Costs, amended May 2008 (effective January 1, 2009); IFRS 2, Share-based Payment, revised 2008 (effective January 1, 2009).

The directors anticipate that the above Interpretations will be adopted in the Group's financial statements for the year ending on June 30, 2009 and that the adoption of those Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

4. SEGMENT ANALYSIS

A segment is a component of the group distinguishable by economic activity (business segment) or by its geographical location (geographical segment) which is subject to risks and returns that are different from those of other segments. The Company's only business segment is the exploration for and development of mineral deposits.

The Company has not commenced production and therefore recorded no turnover. The analysis of the net assets employed (total assets less total liabilities employed), segment intangible and tangible assets and operating loss by geographic segment of operation is shown below:

	Liberia Sep 30, 2008 (\$' 000)	Cameroon Sep 30, 2008 (\$' 000)	Corporate Sep 30, 2008 (\$' 000)	Total Sep 30, 2008 (\$' 000)
Net assets employed				
Total assets	3,410	6,355	8,712	18,477
Total liabilities	-	(234)	(48)	(282)
Total net assets	3,410	6,121	8,664	18,195

	Sep 30, 2007 (\$' 000)	Sep 30, 2007 (\$' 000)	Sep 30, 2007 (\$' 000)	Sep 30, 2007 (\$' 000)
Total assets	2,346	2,371	8,527	13,244
Total liabilities	-	(3)	(64)	(67)
Total net assets	2,346	2,368	8,463	13,177

	Liberia Sep 30, 2008 (\$' 000)	Cameroon Sep 30, 2008 (\$' 000)	Corporate Sep 30, 2008 (\$' 000)	Total Sep 30, 2008 (\$' 000)
Property, plant and equipment	164	1,175	80	1,419
Depreciation	(70)	(117)	-	(187)
Total	94	1,058	80	1,232

	Sep 30, 2007 (\$' 000)	Sep 30, 2007 (\$' 000)	Sep 30, 2007 (\$' 000)	Sep 30, 2007 (\$' 000)
Property, plant and equipment	181	-	-	181
Depreciation	-	-	-	-
Total	181	-	-	181

	Sep 30, 2008 \$'000	Sep 30, 2007 \$'000
Intangible Assets		
Liberia	3,249	1,040
Cameroon	4,842	2,323
Corporate	363	0
Total	8,454	4,262

	Sep 30, 2008 \$'000	Sep 30, 2007 \$'000
Operating loss for the year/ period		
Liberia and Cameroon	0	0
Corporate	(180)	(150)
Total	(180)	(150)

5. INTANGIBLE ASSETS

The exploration and evaluation costs in the various projects are as below:

	At June 30 2008	Additions during the period	At Sep 30 2008
	\$'000	\$'000	\$'000
Liberia			
North Bea	1,979	50	2,029
East Kpo	1,206	14	1,220
Effect of foreign exchange	(71)	-	(71)
	3,114	64	3,178
Cameroon			
Yaounde	-	182	182
Batouri	2,365	584	2,949
Tchollire	207	1	208
Rey Bouba	171	5	176
Djourn	254	2	256
Ntem	246	28	274
Akonolinga	198	2	200
Essong	98	-	98
Bantadje	75	-	75
Others			272
UK Subsidiary expenditure			
Equatorial Guinea	91	-	91
Effect of foreign exchange	510	-15	495
	4,215	789	5,276
Total	7,329		8,454

The realisation of these intangible assets is dependent on the development of economic ore reserves and is subject to a number of significant potential risks including:

- Price fluctuations
- Uncertainties over development and operational costs
- Political and legal risks, including arrangements with governments for licences, profit sharing and taxation
- Funding requirements

Resource properties and deferred exploration costs

Liberia, West Africa

The Company holds two licences or Mineral Exploration Agreements ("MEAs") in northwestern Liberia for gold and associated minerals, namely at North Bea and East Kpo. Both licences were originally 400km² in size and were valid for an initial term of three years to January 31 2008. At that time, both licences were subject to automatic renewal for a further two years and a concomitant reduction in area by 50% to 200km² under the terms of the MEA. Both these MEAs were approved on February 27, 2004 and became operational on February 1,

2005. The MEAs will allow the Company to work up to the feasibility stage at which time a Mineral Development Agreement (“MDA”) can be automatically applied for which permits commercial mining.

The Company formed a Heads of Agreement (the “Stellar Agreement”) for a joint venture with Stellar Diamond Ltd (“Stellar”) a subsidiary of Mano River Resources Inc. on March 23, 2005. The Stellar Agreement provides Stellar with the opportunity to earn up to a 78% interest (Government of Liberia FCI 10%, the Company 12%) in the diamond exploration rights on the North Bea license over a four year period, through completing a four phase exploration program culminating in the completion of a feasibility study over one or more diamond bearing kimberlites. The Company has agreed to extend the period of the second phase program pending Stellar becoming a public company. The Company has the option to grant Stellar the right to sole fund mine construction in return for a 2.0% gross production royalty and relinquishment of its 12% interest. There are no investments made by the Company on this joint venture so far.

Cameroon, West Africa

The Company, through its 100% owned Seychelles registered subsidiary African Aura Resources (CAM) Limited holds six mineral exploration licenses across Cameroon for gold, related minerals, uranium and diamonds. These comprise:

- “Batouri” (1,000km²) license first granted on April 6, 2006 and modified (enlarged) on April 3, 2007;
- “Djoum” (998km²) and “Akonolinga” (996km²) licenses granted on August 1 2006;
- “Rey Bouba” (992km²) and) license granted on May 29, 2007;
- “Tchollire” (992km²) license granted on April 24, 2007; and
- “Ntem” (987km²) license granted on June 1, 2007;

These licenses are valid for an initial term of three years whereupon a reduction in area of 50% is required. The license period is then extendable for a further four periods of two years each accompanying 50% reduction in area required at each extension. The permits allow the Company to work up to the feasibility stage at which time a mining license can be automatically applied for which permits commercial mining.

The Company, through its 70% owned Seychelles registered subsidiary, Ridgeway Energy Limited (“Ridgeway”), is undertaking uranium exploration with a focus currently on Cameroon. Ridgeway holds two exploration permits in Cameroon for uranium, gold, diamonds, related minerals and iron ore. These comprise:

- “Essong” (991km²) license granted on June 1, 2007; and
- “Bantadje” (482km²) license granted on June 1, 2007.

The company has been negotiating for confirmation of the rights to the Coro licence in the Rio Muni (mainland) district of Equatorial Guinea.

6. PROPERTY, PLANT AND EQUIPMENT

The investments in property, plant and equipment during the year are as below:

	Computer Equipment (\$'000)	Furniture & Fixtures (\$'000)	Equipment (\$'000)	Motor Vehicles (\$'000)	Total (\$'000)
Cost					
Balance at June 30, 2008	11	150	849	440	1450
Additions	-	11	71	79	161
Net exchange differences	-	-	-	-	-
Balance at September 30, 2008	11	161	920	519	1611
Accumulated Depreciation					
Balance at June 30, 2008	3	7	70	148	228
Depreciation charge	2	7	76	66	151
Net exchange differences	-	-	-	-	-
Balance at September 30, 2008	5	14	146	214	379
Net book Value at September 30, 2008	6	147	874	305	1232
Balance at July 1, 2007	125	-	-	-	125
Additions	56	-	-	-	56
Balance at Sep 30, 2007	181	-	-	-	181
Accumulated Depreciation					
Balance at July 1, 2007	-	-	-	-	-
Depreciation charge	-	-	-	-	-
Balance at Sep 30, 2007	-	-	-	-	-
Net book Value at Sep 30, 2007	181	-	-	-	181

7. LOSS PER SHARE

Basic loss per share is computed by dividing the profit or loss for the period available to shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. There was no significant share transaction after June 30, 2008, that would change the basic and diluted loss per share.

The diluted loss per share reflects the potential dilution by including other common share equivalents, such as outstanding share options and share warrants, in the weighted average number of common shares outstanding during the year. Diluted loss per share is not presented where the effect would be anti-dilutive.

There is no difference between the basic and diluted loss per share. At June 30, 2008, there were 4,675,000 (2007: 5,125,000) and 19,779,926 (2007: 21,121,062) share warrants which may have a dilutive effect on the basic earnings or loss per share in the future.

	Financial year ended September 30 2008	Financial period ended September 30 2007
Numerator for – loss per share (\$'000)	(124)	(112)
Denominator for basic and diluted loss per share (Weighted Average Number of shares '000)	40,493	31,759
Basic and diluted loss per share (\$)	(0.0031)	(0.0035)

8. INVESTMENTS

The subsidiaries of the Company are as follows:

Name of company	Nature of business	Country of incorporation	Date of incorporation	Percentage owned
African Aura Resources (LIB) Limited	Holding Co.	Seychelles	February 10, 2006	100%
African Aura Resources (Liberia) Limited *	Licence Holder	Liberia	January 18, 2005	100%
African Aura Resources (CAM) Limited	Holding Co.	Seychelles	February 10, 2006	100%
African Aura Resources Cameroon SARL *	Licence Holder	Cameroon	May 22, 2006	100%
Caminex SARL *	Licence Holder	Cameroon	May 16, 2006	100%
Caminur SARL *	Inactive	Cameroon	May 18, 2006	100%
Fermont Mining Ltd	Holding Co.	Cameroon	July 14, 2008	100%
African Aura Resources (CAR) Limited	Holding Co.	Seychelles	February 10, 2006	100%
African Aura Resources Centrafrique SURL *	Inactive	Central African Republic	June 13, 2006	100%
African Aura Resources (UK) Limited	Service Company	United Kingdom	September 22, 2006	100%
African Aura Resources (ZIM) SARL	Inactive	Seychelles	September 28, 2006	100%
Fermont Mining Ltd	Holding Co.	Seychelles	April 25, 2008	100%
Ridgeway Energy Limited	Holding Co.	Seychelles	May 14, 2006	70%
Ridgeway Energy Cameroon SARL *	Licence Holder	Cameroon	May 14, 2006	70%

* Indirect

9. INCOME TAXES

No liability to Company tax arose on ordinary activities for the financial period ended September 30, 2008 (September 30, 2007: Nil). The Company has tax losses in Liberia, Cameroon and United Kingdom that, under certain circumstances, may be carried forward to offset future taxable income.

At September 30, 2008 the Company had cumulative net operating loss carry-forwards of approximately \$1,063. The related deferred tax assets have been fully offset by a valuation allowance, as it is not more likely than not to have taxable income to be offset by the effect of the above losses in the carried forward periods due to the Company's limited operating activities. These losses expire at the end of the following fiscal years:

	(\$'000)
2012	162
2013	158
2014	743
Total	1,063

10. SHARE CAPITAL

On June 1, 2007, the authorised share capital was changed from £5,000,000 (divided into 500,000,000 shares of £0.01 each) to CDN\$ 5,000,000 (divided into 500,000,000 shares of CDN\$ 0.01 each).

	Number of shares '000	Share capital \$'000	Share Premium \$'000
At December 31, 2006	31,816	590	3,739
Shares issued	541	11	34
Buy-back of shares	(436)	(9)	(76)
At June 30, 2007	31,921	592	3,697
At July 1, 2007	31,921	592	3,697
Shares issued for directors' fees	130	3	53
Stock options exercised	100	2	8
Private placement	14,405	144	6,316
Allocation from Share based payment	0	0	71
Buy-back of shares	(315)	(6)	(49)
Share issue expenses	0	0	(964)
Conversion of Share warrants (Note 11)	21,121	211	9,079
At September 30, 2008	67,362	946	18,211

During the year the Company issued 130,600 shares as settlement for directors' fees. The average fair value of these common shares was determined to be \$0.45 each, being the issue price of shares prior to the Company being listed on the TSX – Venture Exchange.

On March 31, 2008, the Company completed its initial public offering (the "IPO") of 14,405,304 units at CDN\$ 0.55 per unit for gross proceeds of CDN\$ 7,922,917. Each unit consisted of one common share and one-half-of-one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN\$0.80 for a period of two years. The net proceeds were allocated between shares and warrants based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield – 0%; risk-free interest rate – 4%; expected volatility – 100%, and an expected life of two years. Since the purchase price of the common stock under the share purchase warrants is not denominated in the Company's functional currency, these warrants are accounted for as derivative liabilities. As a result, \$1,291 of the proceeds on the issuance of the units was allocated to derivative liability. The accounting for the warrants is further described in Note 11.

11. SHARE WARRANTS

In June and July 2007 the Company issued 21,121,062 Special Warrants at a price of CDN\$0.45 per share with each Special Warrant being exchangeable at no additional cost into one common share in the capital of the Company, and one half of one Common Share purchase warrant exercisable within 18 months of the date of the IPO at CDN\$0.60. Upon the IPO, 21,121,062 Special Warrants were converted into 21,121,062 Common Shares and 10,560,531 Common Share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of \$0.60 per share for a period of 18 months.

As part of the private placement discussed in Note 10, the Company issued 7,202,652 Common Shares purchase warrants which entitles the holder to purchase 7,202,652 common shares of the Company at a price of CDN\$0.80 for a period of two years. Of these warrants, 7,202,652 remain unexercised at June 30, 2008. Since the purchase price of the common stock under the above share purchase warrants is not denominated in the Company's functional currency, these warrants are accounted for as derivative liabilities. The derivative liability was recorded at fair value as at June 30, 2008 using the Black-Scholes options pricing model using the following assumptions: expected dividend yield – 0%; risk-free interest rate – 3.25%; expected volatility – 99% and expected life of 1.75 years.

Also, the Company has granted to the agents 1,080,398 warrants to purchase common shares at an exercise price of CDN\$0.80 for a period of 24 months. Of these warrants, 1,080,398 remain unexercised at June 30, 2008. These warrants are also recorded at fair value as at June 30, 2008 using the Black-Scholes option pricing model using the following assumptions: expected dividend yield 0%; risk-free interest rate – 3.25%; expected volatility – 99% and expected life of 1.75 years. A further 936,345 warrants were granted to the agents to purchase common shares at an exercise price of CDN\$0.55 for a period of 18 months. Of these warrants, 936,345 remain unexercised at June 30, 2008. These warrants are also recorded at fair value as at June 30, 2008 using the Black-Scholes option pricing model using the following assumptions: expected dividend yield – 0%; risk free interest rate - 3.25%; expected volatility – 99% and expected life of 1.25 years.

During the year ended June 30, 2008, a net gain of \$49 was recorded in net loss related to the change in fair value of the derivative liability related to the warrants described above. During the period ended September 30, 2008, the gain/loss related to the change in fair value were not considered significant and not recognized.

Also, the Company has granted to the agents 1,080,398 warrants to purchase common shares at an exercise price of CDN\$0.80 for a period of 24 months and 936,345 warrants to purchase common shares at an exercise price of CDN\$0.55 for a period of 18 months.

Since the purchase price of the common stock under the above share purchase warrants is not denominated in the Company's functional currency, these warrants are accounted for as derivative liabilities. The derivative liability was recorded at fair value as at June 30, 2008 using the Black-Scholes options pricing model using the following assumptions: expected dividend yield – 0%; risk-free interest rate – 3.25%; expected volatility – 99% and expected lives of between 1.25 to 1.75 years. During the year ended June 30, 2008, a net gain of \$49 was recorded in net loss related to the change in fair value of the derivative liability.

12. OPTIONS

The Company has established a stock option plan to provide incentive compensation to the Company's directors, officers, employees and consultants (the "Stock Option Plan"). The Stock Option Plan is administered by the board of directors of the Company (the "Board of Directors").

Stock options may be granted at any time to an eligible director, senior officer, employee or other person providing services to the Company, taking into consideration his or her contribution to the success of the Company and any other factor which the board of directors of the Company may deem proper and relevant.

The aggregate number of common shares which may be reserved for issuance pursuant to the Stock Option Plan and any other share compensation arrangements of the Company cannot exceed 10% of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis). The total number of options over ordinary shares outstanding at September 30 2008, (including those held by directors) was 5,200,000 (September 30, 2007: 5,025,000). These options are exercisable as follows:

Number of options	Exercise Price GBP/CDN\$	Equivalent In US\$	Expiry Date
925,000	£0.05	0.10	June 1 2015
1,250,000	£0.10	0.20	December 1 2015
650,000	£0.15	0.30	December 1 2015
300,000	£0.20	0.40	December 1 2015
250,000	£0.17	0.34	January 1 2017
1,300,000	CDN\$0.45	0.44	June 28 2017
525,000	CDN\$0.55	0.53	Jul 1 2013
5,200,000			

The weighted average exercise price per share at June 30, 2008 was \$0.28 (June 30, 2007, \$0.29). The total stock-based compensation for June 2008 was Nil (June 30, 2007, \$709). The fair value of the options expensed in 2007 was determined to be \$0.03 per share using the Black Scholes Option pricing model with the following assumptions: no dividends were expected to be paid, using an expected volatility factor for the period ended on June 30 was 88.3%, weighted average annual risk free rate of 5% and an expected option life of 10 years.

Expected volatility has been calculated using the daily average of the price of the Company's shares using the latest placement price which has been negotiated on an arm's length basis and compared with other publicly traded, junior Canadian and UK mining companies known to Management. In the financial year ended June 30, 2008 no options were granted.

Details of the share options outstanding are as follows:

	September 30 2008		September 30 2007	
	Weighted		Weighted	
	Number	average	Number	average
	of share	exercise	of share	exercise
	options	price	Options	price
	\$		\$	
Outstanding at the beginning of the period	4,675,000	0.28	5,125,000	0.18
Granted during the period	525,000	CDN\$0.55	-	-
Exercised during the period	-	0.10	(100,000)	0.10
Expired during the period	-	0.40	-	-
Outstanding at the end of the period	5,200,000	0.28	5,025,000	0.29
Exercisable at the end of the period	5,200,000		5,025,000	

13. RELATED PARTY TRANSACTIONS

The following table summarises the Company's related party transactions for the year:

Amounts in thousands of US Dollars	September 30 2008 \$'000	September 30 2007 \$'000
Executive and directors' compensation *	31	28

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

14. FINANCIAL INSTRUMENTS

Currency rate risk

Loans between companies which are members of the Group are made in the operating currency of the lending company. In all other respects, the policy for all Group companies is that they only trade in their operating currency.

The Group's expenses in Cameroon are incurred in Communauté Financière Africaine Franc (CFA), which is linked to the Euro. The Group's expenses in Liberia are incurred in United States Dollars.

Currency exposures

As at September 30, 2008, the Company held approximately \$8,474 (2007: \$8,428) cash in bank accounts denominated in U.K. pounds, Euro, Canadian dollars and US dollars to reduce its exposure to foreign currency risk.

Interest rate risk

The Group has no external borrowings and is therefore not subject to interest rate risk.

Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company are directly related to the market price of certain commodities.

Fair value

Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and cash equivalents, other receivables and other payables on the consolidated balance sheets approximate fair value because of the limited terms of these instruments.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

15. COMMITMENT AND CONTINGENCIES

The Company has the following commitments pertaining to the lease agreements related to office rentals, as below:

	(\$'000)
Not longer than 1 year	185
Longer than 1 year and not longer than 5 years	198
Longer than 5 years	-
Total	<u>383</u>

The lease expense for the year ended September 30, 2008 was \$61K. The Company signed a finders' fee agreement with Siqued Geostrategies Ltd. and the Company bought back 315,000 common shares of the Company for a consideration of US\$55K on October 1, 2008.

16. RECONCILIATION OF IFRS TO CANADIAN GAAP

These consolidated financial statements prepared under IFRS differ in certain respects from Canadian generally accepted accounting principles (CGAAP).

In 2005, the Canadian Institute of Chartered Accountants approved the following Handbook Sections: 1530, Comprehensive Income, 3855, Financial Instruments – Recognition and Measurement, 3865, Hedges and 3251, Equity. These standards were effective for the Company beginning July 1 2007.

The following provides further information on each of the new accounting standards as they relate to the Company.

Comprehensive Income

Other comprehensive income will be included as a separate component of the shareholders' equity on the balance sheets. The major components that will be included in this category include unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation amounts, net of hedging, and changes in the fair value of the effective portion of cash flow hedging instruments.

These amounts will be recorded in the statement of other comprehensive income until the criteria for recognition in the statement of income are met. Handbook section 3251 establishes standards for the presentation of equity and changes in equity during the reporting period. It specifies that an entity should separately present the following components of equity: retained earnings, accumulated other comprehensive income, contributed surplus, share capital and reserves.

Financial Instruments – Recognition and Measurement

Under the new standard, for accounting purposes, financial assets will be classified as one of the following: held-to-maturity, loans and receivables, trading or available-for-sale, and financial liabilities will be classified as held-for-trading or other than held-for-trading. Financial assets and liabilities classified as held-for-trading will be measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, will be measured at amortized cost.

Available-for-sale instruments will be measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard permits an entity to designate any financial instrument, upon initial recognition, as held-for-trading. All derivatives, including embedded derivatives that must be separately accounted for, generally must be classified as held for trading and recorded at fair value in the balance sheets.

Hedges

This new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting is to be executed for each of the permitted hedging strategies: fair value hedges, cash flow hedges and hedges of a foreign currency exposure of a net investment in a self-sustaining foreign operation.

The adoption of these principles effective July 1 2007 did not have any material impact on these financial statements.

ACCOUNTING CHANGES

Capital Disclosures

In December, 2006, the CICA issued Section 1535, “Capital Disclosures”, which establishes guidelines for the disclosure of information on an entity’s capital and how it is managed. Effective January 1, 2008, this enhanced disclosure enables users to evaluate the entity’s objectives, policies and processes for managing capital. This new requirement is for disclosure only and will not impact the financial results of the Company.

Financial Instruments – Disclosure and Presentation

In December 2006, the CICA issued Section 3862, “Financial Instruments – Disclosure” and Section 3863, “Financial Instruments – Presentation” to replace the existing Section 3861 “Financial Instruments – Disclosure and Presentation”. Section 3862 requires enhanced disclosure on the nature and extent of financial instrument risks and how an entity manages those risks. Section 3863 carries forward the existing presentation requirements and provides additional guidance for the classification of financial instruments. These sections are effective January 1, 2008. This new requirement is for disclosure only and will not impact the financial results of the Company.

International Financial reporting Standards (IFRS)

In January 2006, the CICA Accounting Standards Board (ACSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with IFRS by the end of 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

Statement of Operations and Income

Under Canadian GAAP (CGAAP), other comprehensive income/loss is shown as a separate component after the net profit/loss.

Balance Sheet

Under Canadian GAAP (CGAAP), the share capital is combined with share premium;