

AFRICAN AURA RESOURCES LIMITED (BVI)

(A Development Stage Company)

Interim Consolidated Statements of Operations & Deficit

For the three and nine months ended March 31

Unaudited – these financial statements have not been reviewed by the Company's Auditors

Amounts in thousands of US Dollars except loss per share amounts	Three months ended March 31		Nine months ended March 31	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Expenses				
Administrative and office expenses	86	20	106	73
Travel and subsistence	26	8	85	15
Wages and salaries	63	-	157	-
Executive and directors' compensation	110	43	342	158
Foreign exchange (gain)/loss	(50)	11	(8)	8
Share based payment	-	118	-	118
Operating loss	(235)	(200)	(682)	(372)
Interest income	70	15	204	39
Net loss	(165)	(185)	(478)	(333)
Deficit, beginning of year	(2,007)	(706)	(1,694)	(558)
Deficit, end of year	(2,172)	(891)	(2,172)	(891)
Loss per share – basic and diluted (Note 6)	(0.0051)	(0.0058)	(0.015)	(0.012)
Weighted average number of shares outstanding in '000	32,226	32,078	32,049	29,264

See accompanying notes

AFRICAN AURA RESOURCES LIMITED (BVI)

(A Development Stage Company)

Interim Consolidated Balance Sheets

Unaudited – these financial statements have not been reviewed by the Company's Auditors

Amounts in thousands of US Dollars	As at	Unaudited March 31 2008 \$'000	Audited June 30 2007 \$'000
ASSETS			
Current			
Cash and cash equivalents		12,987	7,546
Amounts receivable and prepaid expenses		414	284
		13,401	7,830
Other assets			
Exploration properties and deferred exploration expenditure		5,936	3,159
Plant and equipment		318	125
		6,254	3,284
Total Assets		19,655	11,114
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		124	63
		124	63
Shareholders' Equity			
Share capital (Note 9)		946	592
Share warrants (Note 10)		3,125	7,019
Share premium account		16,210	3,697
Share based payment		1,052	1,059
Foreign currency translation reserve		370	378
Deficit		(2,172)	(1,694)
Total Equity		19,531	11,051
Total Liabilities and Shareholders' Equity		19,655	11,114

See accompanying notes

COMMITMENTS AND CONTINGENCIES (Notes 1 and 5)

APPROVED ON BEHALF OF THE BOARD:

(Signed) John Gray

John Gray
Director

(Signed) Matthew Grainger

Matthew Grainger
Director

AFRICAN AURA RESOURCES LIMITED (BVI)

(A Development Stage Company)

Interim Consolidated Statements of Changes in Equity

Unaudited – these financial statements have not been reviewed by the Company's Auditors

Amounts in thousands of US Dollars

	Share capital \$'000	Share warrants \$'000	Share premium \$'000	Share based payment \$'000	Foreign currency translation reserve \$'000	Retained earnings / (deficit) \$'000	Total \$'000
At July 1 2006	485	-	2,258	373	58	(558)	2,616
Shares issued	107	-	1488	-	-	-	1595
Buy-back of ordinary shares	(2)	-	(14)	-	-	-	(16)
Share issue expenses	-	-	(16)	-	-	-	(16)
Share based payment	-	-	23	(23)	-	-	-
Foreign currency translation	-	-	-	-	179	-	179
Loss for the period	-	-	-	-	-	(148)	(148)
At December 31 2006	590	-	3,739	350	237	(706)	4,210
At January 1 2007	590	-	3,739	350	237	(706)	4,210
Shares issued	7	-	102	118	-	-	227
Buy-back of ordinary shares	(2)	-	(14)	-	-	-	(16)
Foreign currency translation	-	-	-	-	11	-	11
Loss for the period	-	-	-	-	-	(186)	(186)
At March 31 2007	595	-	3,827	468	248	(892)	4,246
At April 1 2007	595	-	3,827	468	248	(892)	4,246
Shares issued	4	-	65	-	-	-	69
Share warrants	-	7,019	-	-	-	-	7,019
Buy-back of ordinary shares	(7)	-	(62)	-	-	-	(69)
Share issue expenses	-	-	(133)	-	-	-	(133)
Share based payment	-	-	-	591	-	-	591
Foreign currency translation	-	-	-	-	130	-	130
Loss for the period	-	-	-	-	-	(802)	(802)
At June 30 2007	592	7,019	3,697	1,059	378	(1,694)	11,051
At July 1 2007	592	7,019	3,697	1,059	378	(1,694)	11,051
Shares issued	5	-	61	-	-	-	66
Share warrants	-	1,921	-	-	-	-	1,921
Buy-back of ordinary shares	(6)	-	(49)	-	-	-	(55)
Share based payment	-	-	7	(7)	-	-	-
Foreign currency translation	-	-	-	-	42	-	42
Loss for the period	-	-	-	-	-	(313)	(313)
At December 31 2007	591	8,940	3,716	1,052	420	(2,007)	12,712

AFRICAN AURA RESOURCES LIMITED (BVI)

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Interim Consolidated Statements of Changes in Equity

Unaudited – these financial statements have not been reviewed by the Company's Auditors

Amounts in thousands of US Dollars

	Share capital \$'000	Share warrants \$'000	Share premium \$'000	Share based payment \$'000	Foreign currency translation reserve \$'000	Retained earnings /(deficit) \$'000	Total \$'000
At January 1 2008	591	8,940	3,716	1,052	420	(2,007)	12,712
Shares issued	355	(8,399)	13,211	-	-	-	5,167
Share issue expenses	-	-	(717)	-	-	-	(717)
Share warrants	-	2,584	-	-	-	-	2,584
Share based payment	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	(50)	-	(50)
Loss for the period	-	-	-	-	-	(165)	(165)
At March 31 2008	946	3,125	16,210	1,052	370	(2,172)	19,531

See accompanying notes

AFRICAN AURA RESOURCES LIMITED (BVI)
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Interim Consolidated Statements of Changes in Equity

Unaudited – these financial statements have not been reviewed by the Company's Auditors

	Nine months ended		Three months ended	
	March 31 2008 \$'000	March 31 2007 \$'000	March 31 2008 \$'000	March 31 2007 \$'000
Amounts in thousands of US Dollars				
Net loss for the period	(478)	(333)	(165)	(185)
Items not involving cash				
Share based payment	-	118	-	118
Foreign exchange (gain)/loss	(8)	8	(50)	(108)
Changes in non-cash working capital balances				
Amounts receivable and prepaid expenses	(130)	350	(43)	(65)
Accounts payable and accrued liabilities	61	48	72	(15)
Net cash (outflow)/inflow from operating activities	(555)	191	(186)	(255)
Investing activities				
Plant and equipment	(193)	(44)	(122)	-
Exploration properties & deferred exploration expenditure	(2,777)	(1,590)	(931)	(382)
Net cash (outflow) from investing activities	(2,970)	(1,634)	(1,053)	(382)
Net cash (outflow) before financing activities	(3,525)	(1,443)	(1,239)	(637)
Financing activities				
Shares issued	9,683	1,790	7,751	211
Share issue expenses	(717)	(16)	(717)	-
Net cash flow from financing activities	8,966	1,774	7,034	211
Net increase in cash and cash equivalents	5,441	331	5,795	(426)
Cash and cash equivalents at the beginning of the period	7,546	1,370	7,192	2,127
Cash and cash equivalents at the end of the period	12,987	1,701	12,987	1,701
Net increase in cash and cash equivalents	5,441	331	5,795	(426)
Cash	12,987	1,701	12,987	1,701
Cash equivalents	Nil	Nil	Nil	Nil
Cash and cash equivalents	12,987	1,701	12,987	1,701
Supplementary Information				
Interest paid	Nil	Nil	Nil	Nil
Income taxes paid	Nil	Nil	Nil	Nil
Mineral property obligation incurred on acquisition of property	Nil	Nil	Nil	Nil
Accretion of mineral property obligation recorded to property	Nil	Nil	Nil	Nil

See accompanying notes

AFRICAN AURA RESOURCES LIMITED BVI
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NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – these financial statements have not been reviewed by the Company's Auditors.

For the nine month period ended March 31 2008 (Stated in US Dollars)

1 CONTINUANCE OF OPERATIONS

These unaudited interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that African Aura Resources (BVI) Limited (the “Company”) will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is in the development stage with no history of profitability. There is no guarantee that the Company's exploration programmes will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its properties. The Company's continued operation is dependent upon its ability to obtain the financing necessary to provide adequate working capital for the foreseeable future.

Management continues to actively pursue additional financing and strives to obtain and thereafter maintain profitable operations to support the validity of the “going concern” assumption. If the “going concern” assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

2 BASIS OF PRESENTATION

These unaudited interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). They do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair representation have been included in these financial statements. Operating results for the period ended March 31 2008 are not necessarily indicative of the results that may be expected for the full year ending June 30 2008. For further information, see the Company's consolidated financial statements including the notes appended thereto for the year ended June 30 2007.

3 NATURE OF OPERATIONS

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 unaudited interim 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

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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.

There has been no determination whether the Company's interests in its properties contain reserves which are economically recoverable. The Company's exploration and development operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted. Major expenditures are required to locate and establish reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to mineral properties is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition.

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration properties are written down to their estimated recoverable amount. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets. Although the Company has taken steps to verify title to properties in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements or transfers or native land claims, and title may be affected by undetected defects.

The United States Dollar has been identified as the Company's currency of measurement and is used for external reporting purposes.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for these unaudited interim consolidated financial statements are consistent with those of the consolidated financial statements for the financial year ended June 30 2007.

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NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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5 EXPLORATION PROPERTIES & DEFERRED EXPLORATION EXPENDITURES

	Audited	Unaudited	Unaudited
	As at	Additions	As at
	June 30	during the	March 31
	2007	period	2008
Amounts in thousands of US Dollars	\$’000	\$’000	\$’000
Liberia			
North Bea	1,132	581	1,713
East Kpo	783	380	1,163
Cameroon			
Batouri	892	1,071	1,963
Tchollire	74	128	202
Rey Bouba	64	107	171
Djourn	83	141	224
Ntem	65	123	188
Akonolinga	66	105	171
Essong	-	86	86
Bantadje	-	55	55
TOTAL	3,159	2,777	5,936

	Unaudited	Unaudited	Unaudited
	As at	Additions	As at
	June 30	during the	March 31
	2006	period	2007
Amounts in thousands of US Dollars	\$’000	\$’000	\$’000
Liberia			
North Bea	460	369	829
East Kpo	306	246	552
Cameroon			
Batouri	-	694	694
Tchollire	-	55	55
Rey Bouba	-	54	54
Djourn	-	64	64
Ntem	-	53	53
Akonolinga	-	55	55
TOTAL	766	1,590	2,356

- 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

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

6 LOSS PER SHARE

	Unaudited Three months ended March 31 2008 \$'000	Unaudited Three months ended March 31 2007 \$'000	Unaudited Nine months ended March 31 2008 \$'000	Unaudited Nine months ended March 31 2007 \$'000
Amounts in thousands of Dollars except basic and diluted EPS				
Numerator for EPS - loss	(165)	(185)	(478)	(333)
Denominator for basic and diluted EPS (Number of shares '000)	32,226	32,078	32,049	29,264
Basic and diluted EPS	(0.0051)	(0.0058)	(0.015)	(0.012)

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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7 INVESTMENTS

The principal 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%
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	Holding Co.	Seychelles	September 28 2006	100%
Ridgeway Energy Limited	Holding Co.	Seychelles	May 14 2006	70%
Ridgeway Energy Cameroon SARL *	Licence Holder	Cameroon	May 14 2006	70%

* Indirect

8 FUTURE INCOME TAXES

No liability to corporation tax arose on ordinary activities for the period ended March 31 2008. The Company has tax losses in Liberia, Cameroon and United Kingdom that, under certain circumstances, may be carried forward to offset future taxable income as follows:

Period	Unaudited Tax Loss	Rate of Tax
Amount in thousands of US Dollars	\$'000	
Nine months ended March 31 2008	650	30%

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The future income tax asset has not been recognised because recovery is not foreseeable until the Company puts one of its properties into production.

9 SHARE CAPITAL

Audited to June 30 2007	Number of shares	Share capital	Share Premium
Amounts in Thousands of US Dollars	'000	\$'000	\$'000
At July 1 2006	26,385	485	2,258
Shares issued	5,517	107	1,472
Buy-back of shares	(86)	(2)	(14)
Share based payment	-	-	23
At December 31 2006	31,816	590	3,739
Shares issued	331	7	102
Buy-back of shares	(86)	(2)	(14)
At March 31 2007	32,061	595	3,827
Shares issued	210	4	(68)
Buy-back of shares	(350)	(7)	(62)
At June 30 2007	31,921	592	3,697
July 1 2007 to March 31 2008			
Shares issued	230	5	61
Share based payment	-	-	7
At September 30 2007	32,151	597	3,765
Buy-back of shares	(315)	(6)	(49)
At December 31 2007	31,836	591	3,716
Shares issued	14,405	144	5,023
Share issue expenses	-	-	(717)
Share warrants	21,121	211	8,188
Share based payment	-	-	-
At March 31 2008	67,362	946	16,210

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NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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On March 31 2008, the Company completed a private placement 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 on 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.

10 SHARE WARRANTS

In June 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 Initial Public Offering (IPO) at CDN\$0.60. After the IPO, 21,121,062 special warrants converted to common shares.

11 OPTIONS

The total number of options over ordinary shares outstanding at March 31 2008, (including those held by directors) was 4,675,000 (March 31 2007: 3,775,000). 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
4,675,000			

The weighted average exercise price per share at March 31 2008 was \$0.28 (March 31 2007 \$0.23).

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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The total stock-based compensation for March 2008 was Nil; March 2007 was \$118,000; June 2007 was \$591,000 (December 2006 was \$0; December 2005 was \$363,000; December 2004 was \$10,000).

The fair value of the options to be expensed had been determined using the Black Scholes option pricing model with the following assumptions: no dividends were expected to be paid, using an expected volatility factor for six months to June 2007 of 88.3% (December 2006: 76.1%; December 2005: 58.5%; December 2004: 58.5%); weighted average annual risk free rate of 5% (December 2006: 5%; December 2005: 5%; December 2004: 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 have 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 nine month period to March 31 2008 no options were granted.

Details of the share options outstanding are as follows:

	Unaudited March 31 2008		Audited June 30 2007	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at the beginning of the period	5,125,000	0.29	3,225,000	0.18
Granted during the period	-	-	1,900,000	0.43
Exercised during the period	(100,000)	0.10	-	-
Expired during the period	(350,000)	0.40	-	-
Outstanding at the end of the period	4,675,000	0.28	5,125,000	0.29
Exercisable at the end of the period	4,675,000		5,125,000	

12 RELATED PARTY TRANSACTIONS

The following table summarises the Company's related party transactions for the nine month period:

Amounts in thousands of US Dollars	Unaudited March 31 2008 \$'000	Unaudited March 31 2007 \$'000
Executive and directors' compensation *	342	158

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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.

* Executive and directors' compensation includes shares issued in lieu of compensation – Nil at March 31 2008; 65,305 shares at June 30 2007; 403,929 shares at December 31 2006; and 1,076,216 shares at December 31 2005.

13 FOREIGN CURRENCY, INTEREST RATE RISKS AND EXPOSURES

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. Any weakening in the CFA would result in a reduction in expenses in United States Dollar terms, which would be to the group's advantage. There is an equivalent downside risk to the Group if the CFA strengthened, which in turn would increase Cameroon's operating expenses in United States Dollar terms.

The Group's expenses in Liberia are incurred in United States Dollars.

Currency exposures

As at March 31 2008, the Company held approximately \$12,987,000 cash in bank accounts (June 30 2007: \$7,522,000; December 31 2006: \$2,015,000 and December 31 2005: \$886,000). The Company has taken no action 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 is directly related to the market price of certain commodities.

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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, amounts receivable and accounts payable and accrued liabilities on the consolidated balance sheets approximate fair value because of the limited terms of these instruments.

14 SUBSEQUENT EVENTS

Subsequent to the Company obtaining a listing on the Toronto Stock Exchange – Venture Exchange), it received the net proceeds of its Initial Public Offering of CDN\$7,246,333.40 on March 31 2008, by the issuance of 14,405,304 units.

On April 15 2008, the Company completed a partial exercise of the Over-Allotment Option of 1,080,398 Over-Allotment Warrants at an issue price of CDN\$0.01 per one-half warrant for aggregate gross proceeds of CDN\$21,607.96.

15 RECONCILIATION OF IFRS TO CANADIAN GAAP

These unaudited interim 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 January 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.

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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.

AFRICAN AURA RESOURCES LIMITED BVI

(A Development Stage Company)

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – these financial statements have not been reviewed by the Company’s Auditors.

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.

	Three months ended March 31		Nine months ended March 31	
	2008	2007	2008	2007
Amounts in thousands of US Dollars	\$'000	\$'000	\$'000	\$'000
Net loss for the year	(165)	(185)	(478)	(333)
Other comprehensive income/(loss)	-	-	-	-
Comprehensive loss per CGAAP	(165)	(185)	(478)	(333)

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Balance Sheet

Under Canadian GAAP (CGAAP), the share capital is combined with share premium; and warrants issued are valued using the Black-Scholes optimum pricing model.

Amounts in thousands of US Dollars	Per IFRS March 31 2008 \$'000	Entry 1 \$'000	Entry 2 \$'000	Per CGAAP March 31 2008 \$'000
Share capital	946	16,210		17,156
Share warrants	3,125			3,125
Share premium	16,210	(16,210)		-
Share based payment	1,052			1,052
Foreign currency translation	370		(370)	-
Deficit	(2,172)		370	(1,802)
	19,531	-	-	19,531

Entry 1 – To combine share premium account with share capital account

Entry 2 – To combine foreign currency translation with deficit per CGAAP.

Under CGAAP, the share based payment is referred to as contributed surplus.

Statement of Cash Flows

Under Canadian GAAP (CGAAP), the net profit/(loss) includes the income earned from interest and is not shown separately in investing activities as per IFRS.

For the nine months ended	March 31 2008	March 31 2007
Amounts in thousands of US Dollars	\$'000	\$'000
Operating profit/(loss) per IFRS	(682)	(372)
Interest income	204	39
Net profit/(loss) per CGAAP	(478)	(333)