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**African Aura Resources Limited**

Financial Statements for the three and nine months ended March 31, 2009  
(Unaudited)

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**MANAGEMENT'S COMMENTS ON UNAUDITED FINANCIAL STATEMENTS**

The accompanying unaudited consolidated financial statements of African Aura Resources Limited for the three and nine months ended March 31, 2009 have been prepared by management.

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

## **African Aura Resources Limited**

Consolidated Financial Statements  
Three and nine months ended March 31, 2009  
(Unaudited)

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**AFRICAN AURA RESOURCES LIMITED**

Consolidated Balance Sheet

(Stated in US dollars)

		<b>March 31,</b>	<b>June 30</b>
		<b>2009</b>	<b>2008</b>
		(Unaudited)	(Audited)
	Notes	\$'000	\$'000
<b>FIXED ASSETS</b>			
Intangible assets	5	9,326	7,314
Property, plant and equipment	6	964	1,222
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,290</b>	<b>8,536</b>
<b>CURRENT ASSETS</b>			
Trade and other receivable		91	174
Cash and cash equivalents		5,151	11,224
<b>TOTAL CURRENT ASSETS</b>		<b>5,242</b>	<b>11,398</b>
<b>TOTAL ASSETS</b>		<b>15,532</b>	<b>19,934</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL &amp; RESERVES</b>			
Share capital	9	943	946
Share premium	9	18,159	18,211
Share-based payments		1,009	988
Foreign currency translation reserve		(1,967)	691
Deficit		(3,192)	(2,269)
<b>TOTAL EQUITY</b>		<b>14,952</b>	<b>18,567</b>
<b>CURRENT LIABILITIES</b>			
Derivative liability	10	4	1,108
Other payables		576	259
<b>TOTAL LIABILITIES</b>		<b>580</b>	<b>1367</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,532</b>	<b>19,934</b>

Approved on behalf of the Board on May 26, 2009

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 (Unaudited)  
(Stated in US dollars)

	For the	3 months ended March 31, 2009	9 months ended March 31, 2009	3 months ended March 31, 2008	9 months ended March 31, 2008
	Notes	\$'000	\$'000	\$'000	\$'000
General and administration expenses					
Administrative and office expenses		434	1083	86	106
Travel and subsistence		2	34	26	85
Wages and salaries		58	134	63	157
Directors' fees, salaries and share based payments		122	362	110	342
Employee share based payments		2	5	-	-
(Profit)/ Loss on disposal of assets		621	621	-	-
Depreciation		6	14	-	-
Foreign exchange (gain)/loss		1	(23)	(50)	(8)
<b>Operating profit/( loss)</b>	<b>4</b>	<b>(1,246)</b>	<b>(2,230)</b>	<b>(235)</b>	<b>(682)</b>
Gain/(loss) on derivative liability		-	1,104	-	-
Interest income		21	203	70	204
<b>Profit/(Loss)</b>		<b>(1,225)</b>	<b>(923)</b>	<b>(165)</b>	<b>(478)</b>
Basic and diluted profit/(loss) per share	<b>7</b>	<b>(1.83) c</b>	<b>(1.38) c</b>	<b>(0.51c)</b>	<b>(0.15c)</b>

See accompanying notes to the consolidated financial statements.

**AFRICAN AURA RESOURCES LIMITED**

Consolidated Cash Flow Statements (Unaudited)

(Stated in US dollars)

	For the	9 months ended March 31, 2009 \$'000	Unaudited 9 months ended March 31, 2008 \$'000
<b>Net Cash Inflow/(Outflow) from Operating activities</b>			
Operating loss		(2,230)	(682)
Items not involving cash:			
Depreciation & write-offs		14	-
Stock based compensation		21	-
Loss on disposal of assets		621	-
Currency translation adjustment		(23)	-
Increase/(Decrease) in non-cash operating assets and liabilities:			
Receivables - decrease/(increase)		83	(130)
Payables - increase/(decrease)		317	61
<b>Net cash flow from operating activities</b>		<b>(1,197)</b>	<b>(751)</b>
<b>Investing Activities</b>			
Interest Income		203	204
Purchases of property, plant and equipment		(411)	(193)
Increase in Intangible assets		(2,180)	(2,777)
<b>Net Cash flow from investing activities</b>		<b>(2,388)</b>	<b>(2,766)</b>
<b>Net Cash Outflow before financing activities</b>		<b>(3,585)</b>	<b>(3,517)</b>
<b>Financing activities</b>			
Shares and warrants issued		-	9,683
Buy-back of ordinary shares		(55)	-
Share issue expense		-	(717)
<b>Net Cash Flow from financing activities</b>		<b>(55)</b>	<b>8,966</b>
Effect of exchange rate changes on cash and cash equivalents		(2,433)	(8)
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>(6,073)</b>	<b>5,441</b>
Cash and cash equivalents at the beginning of the period		11,224	7,546
<b>Cash and cash equivalents at the end of the period</b>		<b>5,151</b>	<b>12,987</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>(6,073)</b>	<b>5,441</b>

**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
<b>At June 30, 2007</b>	<b>592</b>	<b>7,019</b>	<b>3,697</b>	<b>1,059</b>	<b>378</b>	<b>(1,694)</b>	<b>11,051</b>
Share issue under share option plan	3.00	-	8.00	-	-	-	-
Share Issue	357	(8,399)	13,264	-	-	-	5,222
Share Issue expense	-	-	(717)	-	-	-	(717)
Share Warrants	-	4,505	-	-	-	-	4,505
Share based payment	-	-	7	(7)	-	-	-
Buy-back of ordinary shares	(6)	-	(49)	-	-	-	(55)
Foreign currency translation	-	-	-	-	(8)	-	(8)
Loss for the period	-	-	-	-	-	(478)	(478)
<b>At March 31, 2008</b>	<b>946</b>	<b>3,125</b>	<b>16,210</b>	<b>1,052</b>	<b>370</b>	<b>(2,172)</b>	<b>19,520</b>
<b>At June 30, 2008</b>	<b>946</b>	<b>0</b>	<b>18,211</b>	<b>988</b>	<b>691</b>	<b>(2,269)</b>	<b>18,567</b>
Share buy back	(3)	-	(52)	-	-	-	(55)
Fair value adjustment	-	-	-	-	-	-	-
Fair value of options granted for the period	-	-	-	21	-	-	21
Foreign currency translation	-	-	-	-	(2,658)	-	(2,658)
Profit/(Loss) for the period	-	-	-	-	-	(923)	(923)
<b>At March 31, 2009</b>	<b>943</b>	<b>-</b>	<b>18,159</b>	<b>1,009</b>	<b>(1,967)</b>	<b>(3,192)</b>	<b>14,952</b>

See accompanying notes to the consolidated financial statements.

## ***AFRICAN AURA RESOURCES LIMITED***

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended March 31, 2009

*(Stated in thousands of US Dollars unless otherwise indicated)*

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#### **1. NATURE OF OPERATIONS**

The Company and its subsidiaries, are engaged in the acquisition, exploration and development of gold, uranium and iron ore 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.

#### **2. BASIS OF PRESENTATION**

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

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 the same accounting policies and methods of application as the audited financial statements of the Company for the year ended June 30, 2008. These 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 Generally Accepted Accounting Principles for annual financial statements. The comparative information has been restated in accordance with IFRS.

#### **Going Concern**

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realise 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 realise its assets at amounts significantly lower than the current carrying value. There would be additional costs of winding up the entity that have not been provided for in these accounts.

Uncertainty also exists with respect to the recoverability of the carrying value of certain resource properties (intangible assets). The ability of the Company to realise its investment in resource properties is contingent upon future and successful exploration activities and continuing tenure of the resource properties.

#### **Functional Currency**

The functional currencies of Company's foreign entity subsidiaries are, African Aura Resources (Liberia) Limited - US Dollar; African Aura Resources (Cameroun), SARL - CFA (French Camerounian Franc); African Aura Resources (UK) - GBP (Great Britain Pound).

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Consolidation**

The consolidated financial statements consolidate the financial statements of the Company and of all its subsidiary companies ("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 twelve months or less. The Group invests in money market and fixed term deposits.

### **Interest Income**

Interest income earned on the deposits is recognised on an 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 IFRS 6 when accounting for its mineral properties whereby all costs related to acquisition, exploration and development are capitalised 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 at each balance date. Where it is determined that the expenditures will not result in the discovery of economically recoverable mineral reserves an appropriate amount is written off as an impairment charge in the profit and loss and included within profit or loss on disposal of assets. Where the exploration property is to be developed into a mining property, then the carrying value will be

Exploration and evaluation assets and accumulated and capitalised expenditure are treated as intangible assets.(e.g. drilling rights), whereas other physical assets are treated as 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 is dependent 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, and future profitable production from operations.

## **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 events 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 this Note 3, which are based on management estimates.

The values used to estimate fair values of stock options granted 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. 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. The balance sheets of foreign entities 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 entities 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 fair value charge to profit and loss is recognised over the vesting period of the options on a straight line basis.

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 not recognised in respect of any timing differences that have originated but not reversed at the balance sheet date in the various subsidiary companies on losses due to the uncertainty of them being realised.

## New accounting standards

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

The Company recognises its operating segments by geographical area, as they are subject to different risks and returns. The only business segment of the Company and its subsidiaries is the exploration for and development of mineral deposits. The Company has not commenced production and therefore recorded no turnover.

	<b>Liberia</b>	<b>Cameroon</b>	<b>UK / BVI</b>	<b>Total</b>
<b>March 31, 2009</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>
Total assets	3,769	6,576	5,187	15,532
Total liabilities	38	110	432	580
Property, plant and equipment	27	881	56	964
Depreciation	(3)	(4)	(7)	(14)
Intangible Assets	3,692	5,634	-	9,326
Amortisation	-	-	-	-
Operating profit/(loss)	(53)	(786)	(84)	(923)
Tax	-	-	-	-
<b>June 30, 2008</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>
Total assets	3,298	5,337	11,299	19,934
Total liabilities	-	(108)	(1,259)	(1,367)
Property, plant and equipment	103	1,035	84	1,222
Depreciation	(81)	(105)	(2)	(188)
Intangible Assets	3,114	4,124	76	7,314
Operating profit/(loss)	(23)	(162)	(743)	(928)
Tax	-	-	-	-

## 5. INTANGIBLE ASSETS

The exploration and evaluation costs in the various projects are set out below.

	At June 30 2008	Exchange differences	Additions during the 9 month period	Impair- ment	March 31, 2009
	\$'000	\$'000	\$'000		\$'000
<b>Liberia</b>					
North Bea	1,979		375		2,354
East Kpo	1,206		132		1,338
Effect of foreign exchange	(71)		71		-
	3,114		578		3,692
<b>Cameroon</b>					
Yaounde	-	-	-		-
Batouri	2,365	(389)	1,146		3,122
Tchollire	207	(34)	375		548
Rey Bouba	171	(28)	484		627
Djourn	254	(42)	214		426
Ntem	246	(40)	311		517
Akonolinga	198	(32)	216		382
Essong (Ridgeway)	98	(16)	136	(218)	-
Bantadje (Ridgeway)	75	(12)	122	(185)	-
Ekomedion (Ridgeway)	-	-	7		7
Mbanga (Ridgeway)	-	-	5		5
Equitorial Guinea	76	(12)	(64)		-
Effect of foreign exchange	510	(510)	-		-
	4,200	(1,115)	2,952	(403)	5,634
<b>Total</b>	<b>7,314</b>	<b>(1,115)</b>	<b>3,530</b>	<b>(403)</b>	<b>9,326</b>

Additions during the period include costs directly related to the exploration and development of the exploration projects. In the current period, these costs do not include administration costs which are charged to the income statement in the period in which they are incurred.

The realisation of the carrying value of 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.

The carrying value of intangible assets is reviewed at each balance date, and adjustment is made where necessary in accordance with the Group accounting policy.

## 6. PROPERTY, PLANT AND EQUIPMENT

The investments in property, plant and equipment for the group during the period are as below:

	Computer Equipment \$'000	Furniture & Fixtures \$'000	Motor Vehicles \$'000	Equipment (Drilling) \$'000	Total \$'000
<b>Cost</b>					
Balance at June 30, 2008	11	150	440	849	1,450
Additions	6	13	79	313	411
Disposals	-	-	(42)	(200)	(242)
Net exchange differences	(3)	(22)	(56)	(147)	(228)
<b>Balance at March 31, 2009</b>	<b>14</b>	<b>141</b>	<b>421</b>	<b>815</b>	<b>1,391</b>
<b>Accumulated Depreciation</b>					
Balance at June 30, 2008	3	7	148	70	228
Depreciation charge	3	11	149	85	248
Disposals	-	-	(17)	-	(17)
Net exchange differences	-	-	(21)	(11)	(32)
<b>Balance at March 31, 2009</b>	<b>6</b>	<b>18</b>	<b>259</b>	<b>144</b>	<b>427</b>
<b>Net book value at June 30, 2008</b>	<b>8</b>	<b>143</b>	<b>292</b>	<b>779</b>	<b>1,222</b>
<b>Net book value at March 31, 2009</b>	<b>8</b>	<b>123</b>	<b>162</b>	<b>671</b>	<b>964</b>

## 7. PROFIT / LOSS PER SHARE

Basic profit or 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 a share buy back in October 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 March 31, 2009, there were 4,650,000 share options and 19,779,915 share warrants outstanding.

	<b>3 months March 31, 2009</b>	<b>9 months March 31, 2009</b>	<b>Year ended June 30 2008</b>
Numerator for – profit/(loss) per share (\$'000)	(1,225)	(923)	(575)
Denominator for basic and diluted loss per share (Weighted Average Number of shares '000)	67,047	67,154	40,609
<b>Basic profit/(loss) per share (\$)</b>	<b>(0.018)</b>	<b>(0.014)</b>	<b>(0.014)</b>

## 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	Inactive	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. 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
<b>At July 1, 2007</b>	<b>31,921</b>	<b>592</b>	<b>3,697</b>
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 issued expense	0	0	(964)
Conversion of share warrants	21,121	211	9,079
<b>At June 30, 2008</b>	<b>67,362</b>	<b>946</b>	<b>18,211</b>
Buy-back of shares	(315)	(3)	(52)
<b>At March 31, 2009</b>	<b>67,047</b>	<b>943</b>	<b>18,159</b>

During the financial year ended June 30, 2008, the Company issued 130,600 shares as settlement for directors' fees. The average fair value of these common shares was determined to be CDN\$0.45 each, being the issue price of shares prior to the Company being listed on the TSX – Venture Exchange.

## 10. SHARE WARRANTS

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. At the time, 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. Using the Black-Scholes option pricing model, the derivative liability is fair valued at each balance date.

During the period ended March 31, 2009, a gain of \$1,104,000 was recorded in relation to the change in fair value of the derivative liability related to the warrants described above.

Details of the share warrants outstanding are as follows:

No. of warrants	Strike price (CDN\$)	Expiry date
936,345	0.55	September 30, 2009
1,080,398	0.6	March 31, 2010
10,560,531	0.6	September 30, 2009
7,202,641	0.8	March 31, 2010
<b>19,779,915</b>		

## 11. 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 is limited to 10% of the total number of issued and outstanding Common Shares (calculated on an undiluted basis). The total number of options over ordinary shares outstanding at March 31, 2009, (including those held by directors) was 4,650,000 (June 30, 2008: 4,675,000). These options are exercisable as follows:

Number of options	Price GBP/CDN\$	In US\$	Expiry Date
925,000	£0.05	0.07	June 1 2015
1,250,000	£0.10	0.14	December 1 2015
650,000	£0.15	0.21	December 1 2015
300,000	£0.20	0.28	December 1 2015
100,000	£0.17	0.24	January 1 2017
1,100,000	CDN\$0.45	0.36	June 28 2017
325,000	CDN\$0.55	0.44	July 1 2013
<b>4,650,000</b>			

The weighted average exercise price per share at March 31, 2009 was \$0.22 (June 30, 2008: \$0.28). The total stock-based compensation for the 9 months ended March 31, 2009 was \$21,075 (June 30, 2008: nil).

Details of the share options outstanding are as follows:

	March 31, 2009		June 30, 2008	
	Number of share options	Weighted average exercise price \$	Number of share Options	Weighted average exercise price \$
Outstanding at the beginning of the period	4,675,000	0.28	5,125,000	0.29
Granted during the period	775,000	0.45	-	-
Exercised during the period	-	-	(100,000)	0.1
Cancelled during the period	(800,000)	0.39	(350,000)	0.4
Outstanding at the end of the period	4,650,000	0.22	4,675,000	0.28

## 12. RELATED PARTY TRANSACTIONS

### Ultimate parent company

The ultimate parent company is African Aura Resources Limited, a company registered in the British Virgin Islands.

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

	9 months ended	
	March 31, 2009 \$'000	March 31, 2008 \$'000
Directors' compensation	346	342
Directors Share based payments	16	-
	<u>362</u>	<u>342</u>

As at March 31, 2009, there was a balance of \$2,796,029 (June 30, 2008 \$3,341,331) owed by subsidiary African Aura Resources (Liberia) to African Aura Resources Ltd. There are not any terms and conditions attached and no amounts have been written off.

As at March 31, 2009, there was a balance of \$5,539,315 (June 30, 2008 \$4,606,453) owed by subsidiary African Aura Resources (Cameroon) to African Aura Resources Ltd. There are not any terms and conditions attached and no amounts have been written off.

As at March 31, 2009, there was a balance of \$381,781 (June 30, 2008 \$256,632) owed by subsidiary Ridgeway Energy Limited to African Aura Resources Ltd. There are not any terms and conditions attached and no amounts have been written off.

As at March 31, 2009, there was a balance of \$1,406,575 (30th June 2008 \$1,052,397) owed by subsidiary African Aura Resources (UK) Ltd to African Aura Resources (BVI) Ltd. There are not any terms and conditions attached and no amounts have been written off.

African Aura Resources (UK) shares office premises and administration costs with a company with common directors. Pursuant to a management agreement an amount of approximately \$60,000 (net) for the nine months ended March 31, 2009 was charged, at cost, to the Company (9 months ended March 31, 2008: \$nil). A recharge for office premises of \$3,776 has been made by the Company for the quarter ended March 31 2009.

The above transactions are in the normal course of operations and at arm's length.

### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial assets and liabilities are cash, amounts receivable, amounts payable and accrued liabilities. The carrying amount for these financial instruments are as per the balance sheet on page 3.

In the normal course of operations, the group is exposed to currency, interest rate, commodity price, credit and capital risks.

#### Currency risk

In the normal course of business, the Group enters into transactions denominated in Sterling, US Dollar, Canadian Dollar, Euro and CFA. As a result, the Group is exposed to fluctuations in foreign currency exchange rates. To mitigate this risk, the Group holds cash in bank accounts denominated in the above currencies. The group does not enter into hedging arrangements.

Carrying Value of foreign currency balances	March 31, 2009	June 30, 2008
	\$'000	\$'000
<b>Cash and cash equivalents, denominated in:</b>		
Sterling	417	3,291
US Dollar	1,604	41
Canadian Dollar	2,689	7,836
Euro	436	-
CFA	5	56
	<u>5,151</u>	<u>11,224</u>
<b>Amounts receivable, denominated in:</b>		
Sterling	30	16
US Dollar	4	44
CFA	57	114
	<u>91</u>	<u>174</u>
<b>Amounts payable and accrued liabilities, denominated in:</b>		
Sterling	428	150
US Dollar	38	-
CFA	110	109
	<u>576</u>	<u>259</u>

### Interest rate risk

The Group has no external borrowings and is therefore only exposed to interest rate risk on its short term cash investments. Currently all funds are held in high credit worthy financial institutions and the Group only maintains a minimal balance with financial institutions in remote locations. No funds are held on short term deposits due to the poor returns available.

### Commodity price risk

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

### Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk the Group is exposed to in connection with the deposits of cash and cash equivalents held with financial institutions is minimized by holding only a minimal balance with institutions of a higher risk, where this is unavoidable.

### Capital risk

The Group's objective when managing its capital is to maintain its ability to continue as a going concern and ensuring there are sufficient resources available to meet day to day operation requirements.

The Board of Directors takes responsibility for the management of the Group's capital. This is done through reviews of financial information and communication with senior management.

### 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.

## 14. COMMITMENTS AND CONTINGENCIES

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

	March 31, 2009 (\$'000)	June 30, 2008 (\$'000)
Not longer than 1 year	129	160
Longer than 1 year and not longer than 5 years	41	263
Longer than 5 years	-	-
Total	<u>170</u>	<u>423</u>

## 15. SUBSEQUENT EVENTS

- On April 15, 2009 the Company announced that it had entered into a legally binding Letter of Intent with Mano River Resources Inc. ("Mano River") to conclude an agreement to merge, in order to create a leading sub-Saharan Africa focused explorer and producer with substantial iron and gold assets. The merged entity would be named African Aura Mining Inc. Each shareholder in the Company will receive 1.57 Mano shares for each Company share. The merged entity will be initially owned 25% by Company shareholders and 75% by Mano River shareholders.

On 15 May, each of Mano River and the Company agreed to extend the deadline, to conclude procedural matters, from May 15, 2009 to June 12, 2009 in respect of their proposed business combination.

- On April 29, 2009 Northern Financial Corporation ("Northern") announced that effective immediately it had withdrawn its offer to acquire all of the issued and outstanding common shares of the Company not already owned by Northern ("the Offer"). Northern commenced the Offer on February 4, 2009 with 10% and on March 10, 2009 Northern varied the Offer by lowering the minimum cash condition and extending the expiry date of the Offer to April 6, 2009. On April 6, 2009 Northern further extended the expiry date of the Offer to May 11, 2009.

## 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 unrealised gains and losses on financial assets classified as available-for-sale, unrealised 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.