

**NAVASOTA RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)**

INTERIM FINANCIAL STATEMENTS

JULY 31, 2009

(Unaudited)

(Expressed in Canadian Dollars)

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

The accompanying unaudited interim financial statements of Navasota Resources Ltd as at July 31, 2009 and the three months ended July 31, 2009 and 2008 have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

NAVASOTA RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
INTERIM BALANCE SHEETS
AS AT JULY 31 AND APRIL 30, 2009
(UNAUDITED)

	July 31, 2009	(Note 14) April 30, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 328,921	\$ 606,772
Amounts receivable	12,041	1,778
Due from related party (Note 10c)	26,611	14,688
Prepaid expenses	10,102	10,796
	377,675	634,034
Equipment (Note 6)	83,886	23,036
Advances On Share Option (Note 7a)	186,065	186,065
Investment In Non-Controlled Foreign Company (Note 7a)	434,317	434,317
Mineral Property Interests (Statement) (Note 7)	1	1
Deferred Exploration Expenditures (Statement)	5,209,378	5,131,175
	\$ 6,291,322	\$ 6,408,628
LIABILITIES		
Current Liabilities		
Due to related party (Note 10d)	\$ 3,266	\$ -
Accounts payable and accrued liabilities	39,463	51,827
	42,729	51,827
SHAREHOLDERS' EQUITY		
Share Capital (Note 8b)	21,982,154	21,982,154
Contributed Surplus (Note 9)	1,415,405	1,358,609
Deficit	(17,148,966)	(16,983,962)
	6,248,593	6,356,801
	\$ 6,291,322	\$ 6,408,628

Going Concern (Note 1)

Commitments (Note 12)

Approved By The Directors:

James T. Gillis Director
James T. Gillis

Christopher J. Wild Director
Christopher J. Wild

NAVASOTA RESOURCES LTD.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED JULY 31, 2009 AND 2008
(UNAUDITED)

	<u>2009</u>	<u>2008</u>
Administrative Expenses		
Amortization	\$ 1,496	\$ 3,932
Advertising	1,837	7,480
Consulting fees		
-Cash	10,000	6,000
-Stock-based compensation (Note 9)	-	742,085
Conferences	-	5,542
Corporate development		
-Cash (Note 9)	4,600	-
-Stock-based compensation (Note 9)	49,965	-
Insurance	43	-
Interest, bank charges and foreign exchange	600	(21,612)
Investor relations		
-Cash	16,000	12,000
-Stock-based compensation (Note 9)	6,831	18,014
Management fees (Note 10)	22,500	13,500
Office	5,017	1,748
Professional fees	10,080	7,042
Property Investigation	-	-
Rent (Note 10)	2,663	2,160
Stock- based compensation (Note 9)	-	98,389
Transfer agent and regulatory fees	3,478	11,378
Travel and promotion	1,484	2,166
Wages and benefits	28,426	10,710
Net Loss Before Undernoted Items	(165,020)	(920,534)
Other Income (Expense)		
Interest income	16	5,526
Net Loss	(167,004)	(915,008)
Deficit, Beginning Of Period	(16,983,962)	(15,201,780)
Share Issuance Costs	-	(322,865)
Deficit, End Of Period	\$(17,148,966)	\$(16,439,653)
Basic And Diluted Loss Per Common Share (Note 1)	\$(0.01)	\$(0.02)
Weighted Average Common Shares Outstanding	60,649,287	50,534,858

NAVASOTA RESOURCES LTD.
STATEMENTS OF CASH FLOWS
FOR THREE MONTHS ENDED JULY 31, 2009 AND 2008
(UNAUDITED)

	2009	2008
Cash Provided By (Used For):		
Operating Activities		
Net loss	\$ (165,004)	\$ (915,008)
Items not requiring (providing) cash:		
Amortization	1,496	3,932
Stock-based compensation	56,797	858,488
Net change in non-cash working capital items	(30,591)	(52,903)
Cash used for operating activities	(137,302)	(105,491)
Investing Activities		
Acquisition of equipment	(64,569)	-
Investment in non-controlled foreign company	-	(237,047)
Deferred exploration expenditures paid	(75,980)	(1,246,614)
Cash used for investing activities	(140,549)	(1,483,661)
Financing Activities		
Receipt of share subscriptions	-	3,486,025
Share issuance costs paid	-	(270,469)
Cash provided by financing activities	-	3,215,556
Increase (Decrease) In Cash	(277,851)	1,626,404
Cash, And Cash Equivalents, Beginning Of Period	606,772	321,279
Cash, And Cash Equivalents, End Of Period	\$ 328,921	\$ 1,947,683

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

During the period ending July 31, 2009, the company issued 120,000 share purchase warrants in payment of finder's fees in respect of a financing which closed during the period. The finder's fees are disclosed as share issuance costs in the amount of \$52,396 using the Black-Scholes pricing model.

NAVASOTA RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
INTERIM STATEMENTS OF MINERAL PROPERTY INTERESTS
AS AT JULY 31, 2009 AND APRIL 30, 2009
(UNAUDITED)

	(Note 14) April 30, 2009	Additions	July 31, 2009
Gold Creek, Kamloops Mining Division of BC 100% interest	\$ 1	\$ -	\$ 1

	April 30, 2008	Additions	(Note 14) April 30, 2009
Gold Creek, Kamloops Mining Division of BC 100% interest	\$ 1	\$ -	\$ 1

NAVASOTA RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
INTERIM STATEMENTS OF DEFERRED EXPLORATION EXPENDITURES
AS AT JULY 31, 2009 AND APRIL 30, 2009
(UNAUDITED)

	July 31, 2009	(Note 14) April 30, 2009
Koba (formerly called, AMIG)		
Balance, beginning of period	\$ 5,131,175	\$2,250,847
Assays and geochemical	-	1,439,790
Camp	11,410	182,884
Consulting (Note 9)	11,552	295,074
Corporate administration costs	3,689	92,569
Drilling	-	329,514
Field supplies	-	110,627
Fuel	21,499	175,948
Geological	-	20,831
Local administration costs	4,735	10,111
Technical and field staff	18,683	72,186
Travel and accommodations	8,578	31,370
Vehicle	(1,943)	119,424
Balance, end of period	\$ 5,209,378	\$5,131,175

NAVASOTA RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
JULY 31, 2009
(UNAUDITED)

1. Nature And Continuance Of Operations And Going Concern

Navasota Resources Ltd. (“the Company”) was incorporated under the Company Act (British Columbia) on March 7, 1980 as Nirvana Oil & Gas Ltd., and on October 6, 1986 changed its name to Nirvana Industries Ltd. On February 22, 1989 the Company changed its name from Nirvana Industries Ltd. to Consolidated Nirvana Industries Ltd. On June 2, 1995 the Company then changed its name to Navasota Resources Ltd. The common shares of the Company are listed for trading on the TSX Venture Exchange (the “Exchange”). The Company’s principal business activities are the exploration and development of its bauxite mineral property interests.

The Company is in the process of exploring and developing its bauxite property interests, but has not yet determined whether the property interests contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral property interests and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing and permitting to complete the development of those reserves, and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred significant losses from inception and as at July 31, 2009 the Company had a deficit of \$17,148,966 and a working capital balance of \$334,946.

The Company’s ability to continue as a going concern is dependent upon the continued support of its related parties, the ability of the Company to raise equity and/or debt financing, the discovery of economically recoverable reserves, the ability to further its mineral property interests and ultimately the attainment of profitable operations.

To ensure the Company’s ability to continue as a going concern, it discontinued its interest in Missamana and Gueliban exploration licences during the year ended April 30, 2008, and management initiated a strict cost control program. In spite of these cost control efforts, it is expected that the Company’s current cash position will not be sufficient to fund its needs in the near future. See Note 5 for additional information.

Management is currently reviewing several funding options including equity financing. The Company is seeking joint venture partners to further its mineral property interests. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classifications used. Additionally, the Company may be required to liquidate its assets. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of all assets and liabilities should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with Canadian GAAP, as prescribed by the Canadian Institute of Chartered Accountants (“CICA”) and reflect consideration of the following significant accounting policies:

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Accounting Changes

Effective May 1, 2007, the Company adopted CICA Handbook Section 1506 Accounting Changes. Pursuant to these accounting standards, voluntary changes in accounting policies are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policies to be applied retroactively unless doing so is impracticable, requires prior period errors to be corrected retroactively and requires enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. These accounting standards also require the disclosure of new primary sources of Canadian GAAP that have been issued but are not yet effective. The impact that the adoption of this section will have on the Company's financial statements will depend on the nature of future accounting changes and the required additional disclosure of Recent Accounting Pronouncements.

Comprehensive Income And Financial Instruments

Effective May 1, 2007, the Company adopted CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation, and Section 3865, Hedges. These accounting standards provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Section 1530 establishes standards for reporting and presenting comprehensive income or loss, which is defined as the change in equity from transactions and other events from sources other than the Company's shareholders. Other comprehensive income or loss refers to items recognized in comprehensive income or loss that are excluded from net income calculated in accordance with Canadian GAAP such as unrealized gains or losses on available-for-sale investments. Amounts initially recorded to other comprehensive income or loss are reclassified to loss for the period when the financial instrument is derecognized or impaired.

Pursuant to these standards, financial instruments are classified as one of the following: loans and receivables, held-to-maturity, held-for-trading, available-for-sale and other financial liabilities. Financial instruments are measured on the balance sheet at amortized cost or fair value depending on the classification. Loans and receivables, held-to maturity and other financial liabilities are accounted for at amortized cost. Held-for-trading and available-for-sale financial instruments are recorded at fair value on the balance sheet. Changes in fair value of held-for-trading financial instruments are recognized in loss for the period while changes in fair value of available-for sale financial instruments are initially recorded in other comprehensive income or loss. Effective May 1, 2007, the Company classified its accounts payable and accrued liabilities as other financial liabilities and accounted for them at amortized cost.

Financial Instruments - Disclosure (Section 3862) And Presentation (Section 3863)

Effective May 1, 2008, the Company implemented CICA Handbook Sections 3862 (Financial Instruments – Disclosure) and 3863 (Financial Instruments – Presentation), which replaces Section 3861 Financial Instruments – Disclosures and Presentation.

These new standards revise and enhance the disclosure requirements, and carry forward, substantially unchanged, the presentation requirements. Sections 3862 and 3863 emphasize the significance of financial instruments for the Company's financial position and performance, the nature and extent of the risks arising from financial instruments, and how these risks are managed. Disclosures required by this standard are included in note 5 to the financial statements.

Variable Interest Entities

The Canadian Accounting Standards Board (the "AcSB") issued Accounting Guideline AcG 15 "Consolidation of Variable Interest Entities" (the "Guideline"), to harmonize the Guideline with the equivalent FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities" ("VIE"). The Guideline provides criteria for identifying VIEs and further criteria for determining what entity, if any, should consolidate them. The adoption of this Guideline does not materially impact the Company's results of operations and financial position.

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Going Concern

Effective May 1, 2008, the Company implemented CICA Handbook Section 1400, General Standards of Financial Statement Presentation. Section 1400 was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. Disclosures required by this standard are included in note 1 to the financial statements.

Capital Disclosures

In February 2007, the CICA issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the Company's objectives, policies and procedures for managing capital and whether the Company has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after May 1, 2008. Disclosures required by this standard are included in note 4 to the financial statements.

Foreign Currency Translation

The Company's reporting currency is the Canadian dollar and the Company uses the temporal method of foreign currency translation for US dollars. Transactions are translated into Canadian dollars as follows:

- i. Monetary items at the rate prevailing as at the balance sheet date;
- ii. Non-monetary items at the historical exchange rate;
- iii. Revenues and expenses at the average exchange rate for the period;
- iv. Gains or losses arising on translation are included in the Company's statement of operations for the periods ended July 31, 2009 and April 30, 2009.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. The Company's current items involving substantial measurement uncertainty are the carrying costs of mineral property interests and their related deferred exploration expenditures, the provision for future site restoration and abandonment costs, determination of stock-based compensation and the future income tax asset valuation allowance. By their nature, these estimates are subject to measurement uncertainty, and the impact on the financial statements of future changes in such estimates could be material.

Cash And Cash Equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and generally have maturities of three months or less at the time of acquisition.

Equipment

Equipment disclosed in Note 6 is recorded at cost less accumulated amortization.

The Company provides for amortization on the following basis:

Automotive	- 30% declining balance method
Computer equipment	- 30% declining balance method
Office equipment	- 20% declining balance method

In the year of acquisition, one half of the above rates are applied, and in year of disposal no amortization is claimed.

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Mineral Property Interests

The Company is in the exploration stage and defers all expenditures related to its mineral property interests until such time as the property interests are put into commercial production, sold or abandoned. Under this method, the amounts disclosed on the Company's balance sheet for mineral property interests represent costs incurred to date less amounts amortized and/or impairments, and do not necessarily represent present or future values.

If a mineral property interest is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the mineral property interest is sold or abandoned, then the expenditures will be charged to the Company's statement of operations. The Company does not accrue the estimated future costs of maintaining in good standing its mineral property interests.

In the event that reserves are determined, the carrying values of a mineral property interest, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, then the mineral property interest will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized is dependent upon the identification of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and to realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's mineral property interests will be based on current conditions.

It is possible that changes could occur in the near term which could adversely affect management's estimates and may result in future write-downs of the Company's capitalized mineral property interest carrying values.

Asset Retirement Obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the year in which they occur and/or in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is also adjusted to reflect year-to-year changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at July 31, 2009 and April 30, 2009, the Company did not have any asset retirement obligations.

Share Capital Issued For Other Than Cash

Share capital issued for other than cash is valued at the price at which the Company's common shares traded on the Exchange at the time the related agreement to issue common shares is made or, if such issuance is at the option of the Company, at the time the Company determines to issue such common shares.

Revenue Recognition

The Company recognizes interest income as earned, dividends when declared, and investment gains and losses when realized. Interest income includes amortization of any premium or discount recognized at date of purchase. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Unrealized gains and losses on available-for-sale investments are recorded in other comprehensive income (loss) and recognized in operations when realized.

Transaction costs are included in the acquisition cost of individual investments and recognized as part of the realized gains or losses when they are sold or written down. Direct investment expenses such as external custodial and management fees, as well as internal investment management expenses, are netted against investment income.

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When the fair value of an investment falls below its cost, and the decline is determined to be other than temporary, a loss equivalent to the difference between cost and current fair value is recorded against investment income in the Company's statement of operations.

Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. Accordingly, the fair value of the options at the date of the grant is accrued and charged to the Company's statement of operations, with the offsetting credit to contributed surplus, recognized over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Income Taxes

Income taxes are recorded using the asset and liability method whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in the Company's statement of operations in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss Per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Diluted loss per common share has not been presented separately as this calculation proved to be anti-dilutive. Basic and diluted loss per common share is calculated using the weighted average number of shares outstanding during the year.

EIC 173 - Credit Risk And The Fair Value Of Financial Assets And Financial Liabilities

In January 2009, the CICA approved EIC - 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that the Company's credit risk and the credit risk of the counter party should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company adopted this standard on January 12, 2009. The adoption of this Handbook Section had no impact on the Company's financial statements.

EIC 174 - Mining Exploration Costs

In March 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-174, "Mining exploration costs", which provides guidance on capitalization of exploration costs related to mineral property interests. It also provides guidance for development and exploration stage entities that cannot estimate future cash flows from its property interests in assessing whether impairment in such property interests is required. This EIC also provides additional discussion on recognition for long lived assets. EIC-174 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC- 174. The EIC should be applied to financial statements issued after March 27, 2009 and the Company has adopted EIC-174. The adoption of this Handbook Section had no impact on the results of its financial statements for the period ended July 31, 2009.

Goodwill And Intangible Assets

CICA Handbook Section 3064 replaces CICA Handbook Section 3062, "Goodwill and Intangible Assets" and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-

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production and start-up costs and requires that these costs be expensed as incurred. Concurrent with the introduction of this standard, the CICA withdrew EIC - 27, Revenues and Expenses during the pre-operating period. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on May 1, 2009. The adoption of this Handbook Section had no impact on the results of its financial statements for the period ended July 31, 2009.

3. Future Accounting Changes

Business Combinations

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non Controlling Interest” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently. The Company is currently evaluating the effects of adopting this standard.

International Financial Reporting Standards (“IFRS”)

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February, 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on May 1, 2011. The transition date of May 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

4. Management Of Capital

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders’ equity as well as its cash and cash equivalents balances.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of its cash and cash equivalents balances.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company’s investment policy is to invest its cash in highly liquid investments which are readily convertible into cash with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

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5. Financial Instruments

Fair Value

The fair value of the Company's financial instruments at April 30, 2009 and April 30, 2008 are summarized as follows:

	<u>July 31, 2009</u>		<u>April 30, 2009</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets				
Held for trading				
Cash	\$ 328,921	\$ 328,921	\$606,772	\$606,772
Loans and receivable				
Amounts receivable	12,041	12,041	1,778	1,778
Due from related party	26,611	26,611	14,668	14,668
Financial Liabilities				
Accounts payable	39,463	39,463	51,827	51,827
Due to related party	3,266	3,266	-	-

Financial Risk Management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange risk (currency), liquidity and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, GST receivable, and advances to a related party. The Company deposits the majority of its cash and cash equivalents with high credit quality financial institutions in Canada.

Currency risk

The Company's cash and cash equivalents and accounts payable and accrued liabilities are held in Canadian and US dollars, and are therefore subject to fluctuation against the Canadian dollar.

The Company had the following balances in foreign currency as at July 31, 2009 and April 30, 2009:

	<u>July 31, 2009</u>	<u>(Note 14) April 30, 2009</u>
Cash and cash equivalents	\$ 15,591	\$ 25,577
Accounts payable and accrued liabilities	-	16,611

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash and short-term investment balances.

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The Company's expected source of cash flow in the upcoming year is anticipated to be through equity financing and future loan facilities, and potential joint venture agreements.

Cash and cash equivalents on hand at July 31, 2009 are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

6. Equipment

	July 31, 2009			(Note 14)
	Cost	Accumulated Amortization	Net Book Value	April 30, 2009
Automotive	\$ 59,262	\$ 2,222	\$ 57,040	\$ -
Computer equipment	22,025	14,150	7,875	8,513
Office equipment	40,346	21,375	18,971	14,523
	<u>\$ 121,633</u>	<u>\$ 37,747</u>	<u>\$ 83,886</u>	<u>\$ 23,036</u>

7. Mineral Property Interests

a) Koba

During the year ended April 30, 2007, the Company entered into an option agreement (the "Option Agreement") with Société AMIG Mining International S.A.R.L. ("AMIG") and its shareholders to earn and acquire up to 100% of the issued share capital of AMIG. AMIG is a Guinean corporation and its shareholders are residents of Conakry, Guinea, West Africa. Effective March 26, 2009, AMIG changed its name to Société AMIG Navasota Mining International S.A.R.L.

AMIG is the legal and recorded holder of one mineral exploration permit for two mining research licenses granted by the Ministry of Mines and Geology of the Republic of Guinea on May 10, 2006. The permit covered two contiguous areas aggregating 1,064 kilometres, located in the prefectures of Télemélé and Gaoual (the Project), for the exploration of bauxite. The permit was initially valid for three years and has since, in accordance with Article 30 of the mining code of the Republic of Guinea, been renewed with the permitted area being reduced by approximately 50%, resulting in a new permit comprising two licences covering 536 kilometres. The new permit is in good standing until March 26, 2011.

Under the terms of the Option Agreement, the Company was granted an option to acquire an initial 45% of the issued share capital of AMIG by incurring a minimum aggregate US\$2,000,000 in exploration expenditures on the Project (incurred) and by paying US\$350,000 (paid) to the AMIG shareholders, within a period of three years.

The Company has exercised such option and thereby acquired 45% of the issued share capital of AMIG. The Company has the further option to elect to earn and acquire an additional 6% of the issued share capital of AMIG. To exercise such further option, the Company must incur all exploration and development expenditures necessary to complete and deliver to AMIG a bankable feasibility study in respect of the Project and must issue 1,000,000 of its common shares to the shareholders of AMIG. The Company notified AMIG shareholders on June 26, 2008 of its decision to exercise the second option.

Additionally, at any time after it has acquired 45% of the issued share capital of AMIG, the Company may elect to acquire all remaining issued shares of AMIG by paying US\$15,000,000 (US\$150,000 deposit paid) and issuing 15,000,000 of its common shares to the shareholders of AMIG.

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Costs incurred by the Company to April 30, 2009 and disclosed on its balance sheet as investment in non-controlled foreign company are comprised of:

Deposit on share option (US\$100,000)	\$ 111,010
Exchange filing fees	23,800
Legal	11,886
Consulting and other	35,200
Balance, April 30, 2007	181,896
Deposit on share option (US\$10,000)	10,000
Legal	5,372
Balance, April 30, 2008	197,268
Final payment on share option (US\$240,000)	237,049
Balance, July 31, 2009 and April 30, 2009	\$ 434,317

During the year ended April 30, 2009, the Company paid \$186,065 (US\$150,000) towards acquiring the remaining 55% of the issued share capital of AMIG. These costs are disclosed on the balance sheet as advances on share option.

The Company has entered into a Memorandum of Understanding with the Ministry of Mines, Energy and Hydraulic of the Republic of Guinea (the "Ministry") allowing for the sale of the Koba Project to a third party.

The Company will work with the Ministry to identify acceptable potential purchasers for its bauxite resources and will endeavour to complete a sale that is acceptable to both parties in a timely manner. The Ministry shall provide all requisite approvals for any potential sale and, in consideration for such approval, the Company will pay 50% of the net sale proceeds to the Ministry. Any disposition of the Project shall be subject to acceptance of the Exchange and, if required, approval of the Company's shareholders.

b) Gold Creek

The Company owns 100% interest in three mineral claims (58 units) located in the Kamloops Mining Division of B.C. The mineral claims are in good standing until August 16, 2011.

8. Share Capital

a) Authorized

Unlimited common shares without par value

b) Common Shares Issued

	<u>Number Of Shares</u>	<u>Amount</u>
Balance, April 30, 2009	45,871,787	\$ 17,315,586
Issued during the year:		
Private placement (Note 8c)	5,500,000	2,750,000
Exercise of stock options	30,000	6,900
Exercise of share purchase warrants	9,247,500	1,904,124
Contributed surplus allocated on option exercise	-	5,544
Balance, April 30, 2009 (Note 14)	60,649,287	21,982,154
Balance, July 31, 2009	60,649,287	\$ 21,982,154

c) Private Placement Financings

For the following private placement financings, the Company applied the residual approach and

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allocated total gross proceeds received to the common shares and \$Nil to the attached share purchase warrants.

During the year ended April 30, 2009, the Company closed a brokered and non-brokered private placement of 5,500,000 units at a price of \$0.50 per unit, for proceeds totalling \$2,750,000. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant; each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.75 during a period of 18 months. The Company may shorten the exercise price to 30 days if its shares trade on the Exchange at a price of \$1.50 or more for 20 consecutive trading days. In conjunction with this private placement, the Company paid cash of \$315,526 for commissions, finders' fees, legal costs and filing fees and issued 120,000 warrants which are exercisable at a price of \$0.50 per share as finders' fees. 80,000 of these warrants expire on December 31, 2009 and the remaining 40,000 expire on January 4, 2010.

d) Stock Options

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The term of the stock options granted are fixed by the board of directors and are not to exceed five years. The exercise prices of the stock options are determined by the board of directors, but shall not be less than the closing price of the Company's common shares on the day proceeding the day on which the directors grant the stock options, less any discount permitted by the Exchange, but shall not be less than \$0.10 per share. The stock options vest immediately on the date of grant unless otherwise required by the Exchange, however, a four month hold period applies to all shares issued under each stock option, commencing on the date of grant. Other terms and conditions are as follows: all stock options are non-transferable; no more than 5% of the issued shares may be granted to any one individual in any 12 month period; no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period; disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the holder is an insider, (ii) any grant of stock options to insiders, within a 12 month period, exceeding 5% of the Company's issued shares; and stock options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares. Options granted shall expire within thirty days after the optionee ceases to be director, officer, consultant, or employee of the Company.

	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Options outstanding, April 30, 2008	2,650,000		1.96
Granted	3,900,000	(\$0.51)	
Exercised	(30,000)	(\$0.23)	
Expired/Cancelled	(920,000)	(\$0.20)	
Options outstanding, April 30, 2009 (Note 14)	5,600,000		1.96
Options outstanding, July 31, 2009	5,600,000		3.13
Options exercisable, July 31, 2009	5,600,000		

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As at July 31, 2009 the Company had the following stock options outstanding:

Exercise Price Per Share	Expiry Date	(Note 14) April 30, 2008	Granted	Exercised	Expired/Cancelled	July 31, 2009
\$0.29	Jan. 8, 2010	200,000	-	-	-	200,000
\$0.15	Apr. 5, 2010	756,000	-	-	-	756,000
\$0.10	Apr. 19, 2011	200,000	-	-	-	200,000
\$0.12	Sept. 7, 2011	714,000	-	-	-	714,000
\$0.23	Apr. 11, 2012	30,000	-	-	-	30,000
\$0.35	May 15, 2013	1,000,000	-	-	-	1,000,000
\$0.60	Jun. 11, 2013	1,000,000	-	-	-	1,000,000
\$0.70	Jul. 2, 2013	200,000	-	-	-	200,000
\$0.68	Jul. 10, 2013	200,000	-	-	-	200,000
\$0.27	Nov. 5, 2013	150,000	-	-	-	150,000
\$0.22	Jan. 12, 2014	1,150,000	-	-	-	1,150,000
		<u>5,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,600,000</u>

e) Share Purchase Warrants

As at July 31, 2009, the Company has the following share purchase warrants outstanding:

Exercise Price Per Share	Expiry Date	(Note 14) April 30, 2009	Issued	Exercised	Expired/Cancelled	July 31, 2009
\$0.75	Dec. 31, 2009	1,000,000	-	-	-	1,000,000
\$0.50	Dec. 31, 2009	80,000	-	-	-	80,000
\$0.75	Jan. 4, 2010	1,750,000	-	-	-	1,750,000
\$0.50	Jan. 4, 2010	40,000	-	-	-	40,000
		<u>2,870,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,870,000</u>

9. Contributed Surplus

	July 31, 2009	(Note 14) April 30, 2009
Balance, beginning of period	\$ 1,358,609	\$ 276,296
Stock-based compensation – consultants	-	764,531
– corporate development	6,831	33,281
– investor relations	-	121,660
– employees and directors	49,965	116,988
Reclassified to share capital on exercise of stock options	-	(5,543)
Compensation warrants issued as finder’s fees	-	52,396
<u>Balance, end of period</u>	<u>\$ 1,415,405</u>	<u>\$ 1,358,609</u>

Option pricing methods require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options. The Company determined the fair value of the granted stock options on the date of the grant using the Black-Scholes option pricing model using the following weighted-average assumptions:

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	July 31, 2009	(Note 14) April 30, 2009
Expected dividend yield (%)	NIL	NIL
Risk-free interest rate (%)	1.14 – 4.19	1.14 – 4.17
Expected life (years)	1 – 5	1 – 5
Expected volatility (%)	78.79 – 147.73	83.73 – 147.73

10. Related Party Transactions

- a) The following related party transactions occurred during the three month periods ended July 31, 2009 and 2008:

	2009	2008
Corporate development fees paid to a company controlled by a director of the Company	\$ 3,000	\$ 3,000
Consulting and exploration fees paid to a director of the Company	\$ -	\$ 7,526
Management fees paid to a company controlled by a director of the Company	\$ 22,500	\$ 13,500
Rent paid to a company with common management	\$ 2,333	\$ 1,860

- b) The following common shares were issued to related parties during the years ended April 30, 2009:
- 300,000 common shares of the \$0.25 warrants which were exercised during the year ended April 30, 2009 were issued to directors of the Company.
- c) The amount receivable from a related party, a company with similar directors, represents payments made by the Company on behalf of the related party. The balance due is unsecured, non-interest bearing and due on demand. Subsequent to April 30, 2009, the balance due from the related party of \$14,688 was paid in full.
- d) The amount payable to a related party is to a company with similar directors, represents payments made by the related party on behalf of the Company. The amount is unsecured, non-interest bearing and due on demand.

11. Income Taxes

No provision for recovery of income taxes was made because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for tax purposes of approximately \$2,312,430 (April 30, 2009 - \$2,185,162) which expire in various years to 2029 as follows:

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2010	\$ 227,176
2011	237,345
2015	185,945
2016	354,030
2027	338,420
2028	380,177
2029	462,069
2030	127,268
	<u>\$ 2,312,430</u>

As at July 31, 2009, the Company has undeducted resource related expenses of approximately \$12,318,980 (April 30, 2009- \$12,243,000) and net capital losses of \$1,150,208 (April 30, 2009 - \$1,150,208) available for deduction against future Canadian taxable income. These available deductions have no expiration date. In addition, the Company has undeducted share issuance costs and undeducted eligible capital expenditures totalling \$297,369 (April 30, 2009 - \$317,927) which are also available for deduction against future Canadian taxable income. Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

	<u>2009</u>	<u>2008</u>
Net loss before income taxes	\$ (165,004)	\$ (915,008)
Tax rate	30.50%	31.12%
Calculated income tax recovery	(50,326)	(284,750)
Increase in valuation allowance	50,326	284,750
Future income tax recovery	\$ -	\$ -

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	<u>July 31, 2009</u>	<u>(Note 14) April 30, 2009</u>
Future income tax assets		
Temporary differences in assets	\$ 2,036,640	\$ 2,154,837
Non-capital loss carry forwards	720,468	633,697
Net-capital loss carry forwards	175,407	166,780
	<u>2,932,515</u>	<u>2,955,314</u>
Valuation allowance for future income tax assets	(2,932,515)	(2,955,314)
	<u>\$ -</u>	<u>\$ -</u>

12. Commitments

The Company has a management services agreement with a company controlled by a director of the Company requiring payments of \$7,500 per month plus taxes. The agreement is in effect until February 28, 2014 unless sooner terminated in accordance with the provisions of the agreement.

Effective November 1, 2008, the Company entered into consulting agreement with a B.C. private company requiring payments of \$4,000 per month. Effective March 1, 2008, the Company entered into a consulting agreement with a B.C. private company requiring payments of \$2,000 per month. Effective February 1, 2008, the Company entered into a consulting agreement with a consultant from Conakry, Guinea requiring payments of \$1,800US per month. All agreements are on a month to month basis. The Company or the consultant may terminate any of the agreements upon giving 30 days written notice to the other party.

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13. Segmented Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by management, in deciding how to allocate resources, and in assessing performance. All of the Company's operations are within the mining sector. Due to the geographic and political diversity, the Company's mining operations are decentralized whereby mining managers are responsible for business results and regional corporate offices provide support to the mining programs in addressing local and regional issues. The Company's operations are therefore segmented on a geographic basis. The Company's mineral property interests are all located in Canada and Africa.

Details of identifiable assets by geographic segments are as follows:

	2009	2008
Canada	\$ 388,931	\$ 631,495
Africa	5,902,391	5,777,133
	\$ 6,291,322	\$ 6,408,628

14. Comparative Figures

The comparative figures disclosed as at April 30, 2009 in these interim financial statements were subject to an audit engagement.

Certain of the comparative figures in the statement of operations have been reclassified to conform with the financial presentation adopted for in the current period. These changes have no effect on the loss for the prior period disclosed.

15. Subsequent Event

Effective August 7, 2009 the Company has granted stock options to a director of the company entitling him to purchase 200,000 shares over five year term expiring August 7, 2014 at an exercise price of \$0.24 per share. Pursuant to the company's stock option plan, it will be a term of the stock option agreement that a mandatory hold period will be imposed upon the sale or disposition of any shares acquired for four months from the date of the grant of the stock options.