

ANGLO ALUMINUM CORP.
(formerly Navasota Resources Ltd.)
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2010

(Expressed In Canadian Dollars)

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Anglo Aluminum Corp. (formerly Navasota Resources Ltd.) (An Exploration Stage Company) have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information, contained elsewhere in this report, has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safeguarded. All transactions are authorized and duly recorded, and financial records are properly maintained to facilitate consolidated financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed these consolidated financial statements with management and the external auditors. Beauchamp & Company, Chartered Accountants, an independent firm of chartered accountants, appointed as external auditors by the shareholders, have audited the consolidated financial statements and their report is included herein.

“James T. Gillis” (signed)

James T. Gillis
President and Chief Executive Officer

Kamloops, British Columbia
August 24, 2010

“Debbie Silver” (signed)

Debbie Silver
Chief Financial Officer

BEAUCHAMP & COMPANY
CHARTERED ACCOUNTANTS
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AUDITORS' REPORT

To the Shareholders of
Anglo Aluminum Corp.
(formerly Navasota Resources Ltd.)
(An Exploration Stage Company)

We have audited the consolidated balance sheets of Anglo Aluminum Corp. (formerly Navasota Resources Ltd.) (An Exploration Stage Company) as at April 30, 2010 and 2009 and the consolidated statements of operations, comprehensive loss and deficit, changes in shareholders' equity, cash flows, mineral property interests, and deferred exploration expenditures for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.
August 24, 2010

"Beauchamp & Company"
Chartered Accountants

ANGLO ALUMINUM CORP.
(formerly Navasota Resources Ltd.)
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
AS AT APRIL 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,128,809	\$ 606,772
GST receivable	5,620	1,778
Due from related parties (Note 11c))	1,611	14,688
Prepaid expenses	13,980	10,796
	2,150,020	634,034
Equipment (Note 6)	130,317	23,036
Advances On Share Option (Note 8a))	186,065	186,065
Investment In Non-Controlled Foreign Company (Note 8a))	-	434,317
Mineral Property Interests (Statement) (Note 8)	1,686,830	1
Deferred Exploration Expenditures (Statement)	5,669,623	5,131,175
	\$ 9,822,855	\$ 6,408,628

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities	\$ 108,748	\$ 51,827
	775,248	-
Non-Controlling Interest (Note 8 a))		

SHAREHOLDERS' EQUITY

Share Capital (Note 9)	25,231,978	21,982,154
Contributed Surplus (Note 10)	2,039,055	1,358,609
Deficit	(18,332,174)	(16,983,962)
	8,938,859	6,356,801
	\$ 9,822,855	\$ 6,408,628

Going Concern (Note 1)
Commitments (Note 13)
Segmented Information (Note 14)

Approved By The Directors:

"James T. Gillis" Director
James T. Gillis

"Andriyko Herchak" Director
Andriyko Herchak, C.A.

See accompanying notes.

ANGLO ALUMINUM CORP.
(formerly Navasota Resources Ltd.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE YEARS ENDED APRIL 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Administrative Expenses		
Amortization	\$ 12,607	\$ 14,650
Advertising	15,835	19,968
Consulting fees		
- Cash (Note 11a))	38,228	32,000
- Stock-based compensation (Note 10a) & c))	341,316	776,497
Conferences	23,301	43,444
Corporate development		
- Cash (Note 11a))	30,473	26,901
- Stock-based compensation (Note 10a) & c))	88,734	109,421
Investor relations		
- Cash	51,600	49,868
- Stock-based compensation (Note 10a) & c))	11,840	33,281
Management fees (Note 11a))	90,000	60,000
Office and sundry	28,973	13,063
Professional fees	72,109	59,887
Property investigations	-	3,109
Rent (Note 11a))	12,227	8,474
Stock-based compensation (Note 10a) & c))	342,980	117,261
Transfer agent and regulatory fees	28,414	36,431
Travel and promotion	19,019	87,087
Wages and benefits	112,514	57,823
Net Loss Before Undernoted Items	(1,320,170)	(1,549,165)
Other Income (Expense)		
Interest	3,049	16,643
Foreign exchange (loss) gain	(7,004)	118,263
Loss And Comprehensive Loss For The Year	(1,324,125)	(1,414,259)
Deficit, Beginning Of Year	(16,983,962)	(15,201,780)
Share Issuance Costs	(24,087)	(367,923)
Deficit, End Of Year	\$ (18,332,174)	\$ (16,983,962)
Basic And Diluted Loss Per Common Share (Note 2)	\$ (0.02)	\$ (0.03)
Weighted Average Number Of Common Shares Outstanding	68,092,530	55,975,382

See accompanying notes.

ANGLO ALUMINUM CORP.
(formerly Navasota Resources Ltd.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED APRIL 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Share Capital		
Balance, beginning of year	\$ 21,982,154	\$ 17,315,586
Issued for cash:		
Private placements	3,000,000	2,750,000
Exercise of stock options	145,400	6,900
Exercise of share purchase warrants	-	1,904,125
Non-cash:		
Value assigned to options exercised	104,424	5,543
Balance, end of year	25,231,978	21,982,154
Contributed Surplus		
Balance, beginning of year	1,358,609	275,296
Non-cash:		
Value assigned to options granted	784,870	1,036,460
Value assigned to options exercised	(104,424)	(5,543)
Value assigned to warrants granted	-	52,396
Balance, end of year	2,039,055	1,358,609
Deficit		
Balance, beginning of year	(16,983,962)	(15,201,780)
Loss for the year	(1,324,125)	(1,414,259)
Share issuance costs	(24,087)	(367,923)
Balance, end of year	(18,332,174)	(16,983,962)
Total Shareholders' Equity	\$ 8,938,859	\$ 6,356,801

See accompanying notes.

ANGLO ALUMINUM CORP.
(formerly Navasota Resources Ltd.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Provided By (Used For):		
Operating Activities		
Loss for the year	\$ (1,324,125)	\$ (1,414,259)
Items not requiring cash:		
Amortization	12,607	14,650
Stock-based compensation	784,870	1,036,460
Net change in non-cash working capital items	(1,204)	(808,217)
Cash used for operating activities	(527,852)	(1,171,366)
Investing Activities		
Proceeds from sale of equipment	-	37,052
Acquisition of equipment	(128,777)	(20,412)
Advances on share option	-	(186,065)
Acquisition of subsidiary companies	(477,264)	(237,049)
Deferred exploration expenditures paid	(478,460)	(2,467,477)
Cash used for investing activities	(1,084,501)	(2,873,951)
Financing Activities		
Repayment from (Advances to) related parties	13,077	(14,688)
Issuance of common shares for cash	3,145,400	4,661,025
Share issuance costs paid	(24,087)	(315,527)
Cash provided by financing activities	3,134,390	4,330,810
Increase In Cash And Cash Equivalents	1,522,037	285,493
Cash And Cash Equivalents, Beginning Of Year	606,772	321,279
Cash And Cash Equivalents, End Of Year	\$ 2,128,809	\$ 606,772
Supplemental Information		
Interest paid in cash	\$ -	\$ -
Income taxes paid in cash	\$ -	\$ -

Supplemental Disclosure Of Non-Cash Investing And Financing Activities:

During the year ended April 30, 2009, the Company issued 120,000 share purchase warrants in payment of finder's fees in respect of a financing which closed during the year. The finder's fees are disclosed as share issuance costs in the amount of \$52,396 using the Black-Scholes pricing model.

See accompanying notes.

ANGLO ALUMINUM CORP.
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CONSOLIDATED STATEMENTS OF MINERAL PROPERTY INTERESTS
FOR THE YEARS ENDED APRIL 30, 2010 AND 2009

	<u>2009</u>	<u>Additions</u>	<u>Write Down For Valuation</u>	<u>2010</u>
Koba				
Guinea Mining Division of West Africa				
51% interest	\$ -	\$ 1,582,139	\$ -	\$ 1,582,139
Mamou-Dalaba				
Guinea Mining Division of West Africa				
100% interest	-	104,690	-	104,690
Gold Creek				
Kamloops Mining Division of B.C.				
100% interest	1	-	-	1
	\$ 1	\$ 1,686,829	\$ -	\$ 1,686,830

	<u>2008</u>	<u>Additions</u>	<u>Write Down For Valuation</u>	<u>2009</u>
Gold Creek				
Kamloops Mining Division of B.C.				
100% interest	\$ 1	\$ -	\$ -	\$ 1

See accompanying notes.

ANGLO ALUMINUM CORP.
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CONSOLIDATED STATEMENTS OF DEFERRED EXPLORATION EXPENDITURES
FOR THE YEARS ENDED APRIL 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Koba		
Balance, beginning of year	\$ 5,131,175	\$ 2,250,847
Assays and geochemical	209,458	1,439,790
Camp	30,771	182,884
Consulting (Note 11a))	54,916	295,074
Corporate administration costs	23,862	102,680
Drilling	61,188	329,514
Field supplies	-	110,627
Fuel	21,582	175,948
Geological	5,962	20,831
Technical and field staff	54,566	72,186
Travel and accommodations	26,877	31,370
Vehicle	19,547	119,424
Balance, end of year	5,639,904	5,131,175
Mamou-Dalaba		
Balance, beginning of year	-	-
Consulting (Note 11a))	25,922	-
Geological	1,800	-
Corporate administration costs	1,997	-
Balance, end of year	29,719	-
Total Deferred Exploration Expenditures	\$ 5,669,623	\$ 5,131,175

See accompanying notes.

ANGLO ALUMINUM CORP.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2010

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Anglo Aluminum Corp. (“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. On January 25, 2010 the Company changed its name to Anglo Aluminum Corp. 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 consolidated 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 April 30, 2010 the Company had a deficit of \$18,332,174 and a working capital balance of \$2,041,272.

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.

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 consolidated balance sheet classifications used. Additionally, the Company may be required to liquidate its assets. These consolidated 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 consolidated 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:

ANGLO ALUMINUM CORP.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principles Of Consolidation

The consolidated financial statements include the accounts of the Company, its 51% interest in Société AMIG Navasota Mining International S.A.R.L. , and its 100% wholly-owned subsidiary Société Guinéenne de Fer et de Bauxite S.A.R.L. All intercompany transactions are eliminated upon consolidation

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 consolidated financial statements.

Measurement Uncertainty

The preparation of consolidated 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 consolidated financial statements and the reported amount of revenues earned and expenses incurred during the year. 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 consolidated financial statements of future changes in such estimates could be material.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of income (loss) for the year and other comprehensive income (loss). Amounts are recorded in other comprehensive income (loss) until the criteria for recognition in the Company's consolidated statements of operations are met.

Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables and available-for-sale financial assets, or other financial liabilities. All financial instruments and derivatives are measured on the consolidated balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in operations; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income (loss) until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded on the consolidated balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are

ANGLO ALUMINUM CORP.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

recorded in operations unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income (loss).

The Company has classified its cash and cash equivalents as held-for-trading. GST receivable and due from related parties are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities, all of which are measured at amortized cost. The Company has elected to measure all derivatives and embedded derivatives at fair value and the Company has maintained its policy not to use hedge accounting.

CICA Handbook Section 3862, Financial Instruments - Disclosures were amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quote prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

Level 3 - Inputs that are not based on observable market data.

Disclosures required by this standard are included in note 5 to the consolidated financial statements.

Capital Disclosures And Financial Instruments - Presentation And Disclosure

The CICA issued three new accounting standards; section 1535, *Capital Disclosures*, section 3862, *Financial Instruments - Disclosures*, and section 3863, *Financial Instruments - Presentation*. These new standards are effective for fiscal years beginning on or after October 1, 2007 and the Company adopted them on May 1, 2008.

Section 1535 establishes disclosure requirements about an entity's capital and how it is managed. The purpose will be to enable users of the consolidated financial statements to evaluate the entity's objectives, policies and processes for managing capital. See notes 4 and 5 to the consolidated financial statements for these additional disclosures.

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 consolidated results of operations and financial position.

ANGLO ALUMINUM CORP.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 consolidated 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 consolidated 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.

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
Leasehold improvements	- 5 year straight line

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

ANGLO ALUMINUM CORP.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 year;
- iv. Gains or losses arising on translation are included in the Company's consolidated statement of operations for the years ended April 30, 2010 and 2009.

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 April 30, 2010 and 2009, the Company has not recorded 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.

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 consolidated statement of operations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to the Company's consolidated statement of operations over the vesting period, with the offsetting credit to contributed surplus. 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 consolidated 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.

Impairment Of Long-Lived Assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 standard had no impact on the Company's consolidated 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 standard had no impact on the results of its consolidated financial statements for the year ended April 30, 2010.

Adoption Of New Accounting Policies

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. This standard also provides guidance for the treatment of pre-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 standard had no impact on the results of its consolidated financial statements for the year ended April 30, 2010.

CICA Handbook Section 1582, *Business Combinations* will provide the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations" and replaces the existing Section 1581, *Business Combinations*. This standard is effective for the Company for interim and annual reporting periods relating to fiscal years beginning on January 1, 2009. The adoption of this standard had no impact on the Company's consolidated operations during the year ended April 30, 2010.

CICA Handbook Section 1601, *Consolidated Financial Statements* establishes standards for the preparation of consolidated financial statements and replaces Section 1600, Consolidated Financial Statements. 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 standard had no impact on the Company's presentation of its consolidated financial position or consolidated results of operations as at and for the year ended April 30, 2010.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Adoption Of New Accounting Policies (Cont'd)

CICA Handbook Section 1602, *Non-Controlling Interests* establishes standards for accounting for a non-controlling interest in subsidiary in consolidated financial statements subsequent to a business combination. 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 standard had no impact on the Company's presentation of its consolidated financial position or consolidated results of operations as at and for the year ended April 30, 2010.

3. FUTURE ACCOUNTING CHANGES

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 this Company is the fiscal year 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.

The Company expects that its current capital resources will not be sufficient to carry out its exploration plans and operations through the next twelve months.

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5. FINANCIAL INSTRUMENTS

Fair Value

The fair value of the Company's financial instruments at April 30, 2010 and April 30, 2009 are summarized as follows:

	<u>Level</u>	<u>Apr. 30, 2010</u>		<u>Apr. 30, 2009</u>	
		<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets					
<i>Held for trading</i>					
Cash and cash equivalents	1	\$ 2,128,809	\$ 2,128,809	\$ 606,772	\$ 606,772
<i>Loans and receivable</i>					
GST receivable	1	5,620	5,620	1,778	1,778
Due from related parties	1	1,611	1,611	14,688	14,688
Financial Liabilities					
Accounts payable and accrued liabilities	1	\$ 108,748	\$ 108,748	\$ 51,827	\$ 51,827

Fair value estimates are made at the consolidated balance sheet date, based on relevant market information and other information about the financial instruments.

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 or due in Canadian and US dollars, and are therefore subject to fluctuation against the Canadian dollar.

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5. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

The Company had the following balances in foreign currency as at April 30, 2010 and April 30, 2009:

	<u>US Dollars</u>	
	<u>Apr. 30,</u> <u>2010</u>	<u>Apr. 30,</u> <u>2009</u>
Cash and cash equivalents	\$ 25,808	\$ 21,439
Accounts payable and accrued liabilities	67,710	13,924
Rate to convert to \$1.00Cdn	1.0158	1.1930

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.

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 April 30, 2010, and expected cash flows for the next 12 months 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

	<u>2010</u>			<u>2009</u>	
	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>	<u>Net Book</u> <u>Value</u>	<u>Net Book</u> <u>Value</u>
Automotive	\$ 59,262	\$ 8,889	\$ 50,373	\$ -	-
Computer equipment	12,461	3,157	9,304	8,513	8,513
Leasehold improvements	38,468	3,847	34,621	-	-
Office equipment	42,151	6,132	36,019	14,523	14,523
	<u>\$ 152,342</u>	<u>\$ 22,025</u>	<u>\$ 130,317</u>	<u>\$ 23,036</u>	<u>\$ 23,036</u>

7. ACQUISITION OF SUBSIDIARY COMPANIES

a) Société AMIG Navasota Mining International S.A.R.L. ("AMIG")

See Note 8 a).

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7. ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)

b) **Société Guinéenne de Fer et de Bauxite S.A.R.L. (“SGFB”)**

On December 20, 2009, the Company acquired 100% of the issued share capital of SGFB. The transaction was accounted for using the purchase method with the allocation of the purchase price of cash paid to the vendor of \$104,690 (US\$100,000) used as the estimated fair value of net assets acquired, being mineral property interests. SGFB is a Guinean corporation located in Conakry, Guinea, West Africa.

8. MINERAL PROPERTY INTERESTS

a) **Koba**

During the year ended April 30, 2007, the Company entered into an option agreement (the “Option Agreement”) with 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 covers 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.

During the year ended April 30, 2009, the Company exercised such option and acquired 45% of the issued share capital of AMIG. The AMIG agreement was subsequently amended on December 1, 2009 pursuant to which the Company was granted an option to acquire an additional 6% of the issued share capital of AMIG by paying US\$350,000 (paid). The Company has exercised such option and is the registered holder of 51% of the issued share capital of AMIG.

Additionally, the Company may elect to acquire all remaining 49% of the issued shares of AMIG by incurring all exploration and development expenditures necessary to complete and deliver to AMIG a bankable feasibility study in respect of the Project and paying US\$15,000,000 (US\$150,000 deposit paid) and issuing 15,000,000 of its common shares to the third party shareholders of AMIG.

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8. MINERAL PROPERTY INTERESTS (CONT'D)

a) Koba (Cont'd)

Costs incurred by the Company to April 30, 2010 and disclosed on its consolidated balance sheet 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
<hr/>	
Balance, April 30, 2007	181,896
Deposit on share option (US\$10,000)	10,000
Legal	5,372
<hr/>	
Balance, April 30, 2008	197,268
Final payment on first share option (US\$240,000)	237,049
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Balance, April 30, 2009	434,317
Final payment on second share option (US\$350,000)	372,574
Increase in valuation on acquiring 51% of the issued share capital of AMIG	775,248
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Balance, April 30, 2010	\$ 1,582,139
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The Company paid \$186,065 (US\$150,000) towards acquiring the remaining issued share capital of AMIG. These costs are disclosed on its consolidated balance sheet as advances on share option.

The Company 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) Mamou-Dalaba

SGFB holds the Mamou-Dalaba bauxite property interest in Guinea, West Africa. The mineral property interest consists of 4 exploration permits covering 1832 km² in south-western Guinea. SGFB also holds 14 base metal and 4 iron ore permits in Beyla and Kankan areas, and 3 uranium permits in the Beyal area in south-eastern Guinea.

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8. MINERAL PROPERTY INTERESTS (CONT'D)

c) 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.

9. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Common Shares Issued

	Number Of Shares	Amount
Balance, April 30, 2008	45,871,787	\$ 17,315,586
Issued during the year:		
Private placement (Note 9c))	5,500,000	2,750,000
Exercise of stock options	30,000	6,900
Exercise of share purchase warrants	9,247,500	1,904,125
Contributed surplus allocated on options exercised	-	5,543
Balance, April 30, 2009	60,649,287	21,982,154
Issued during the year:		
Private placement (Note 9c))	19,999,998	3,000,000
Exercise of stock options	1,056,000	145,400
Contributed surplus allocated on options exercised	-	104,424
Balance, April 30, 2010	81,705,285	\$ 25,231,978

c) Private Placement Financings

For the following private placement financings, the Company applied the residual approach and allocated total gross proceeds received to the common shares and \$Nil to the attached share purchase warrants.

During the year ended April 30, 2010, the Company closed a non-brokered private placement of 19,999,998 common shares at a price of \$0.15 per share, for proceeds totalling \$3,000,000.

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

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9. SHARE CAPITAL (CONT'D)

c) Private Placement Financings (Cont'd)

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 expired on December 31, 2009 and the remaining 40,000 expired 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 preceding 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 90 days (30 days if the optionee is engaged in investor relations activities) after the optionee ceases to be director, officer, consultant, or employee of the Company.

A continuity schedule of the Company's outstanding stock options for the years ended April 30, 2010 and 2009 is as follows:

	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Options outstanding, April 30, 2008	2,650,000	\$0.16	1.96
Granted	3,900,000	\$0.32	
Exercised	(30,000)	(\$0.23)	
Expired/Cancelled	(920,000)	(\$0.20)	
Options outstanding, April 30, 2009	5,600,000	\$0.32	3.36
Granted	2,864,928	\$0.27	
Exercised	(1,056,000)	(\$0.14)	
Expired	(200,000)	(\$0.29)	
Options outstanding, April 30, 2010	7,208,928	\$0.33	3.71
Options exercisable, April 30, 2010	7,208,928		

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9. SHARE CAPITAL (CONT'D)

d) Stock Options (Cont'd)

Exercise Price Per Share	Expiry Date	Apr. 30, 2009	Granted	Exercised	Expired/ Cancelled	Apr. 30, 2010
\$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	-	100,000	-	614,000
\$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
\$0.24	August 7, 2014	-	200,000	-	-	200,000
\$0.28	January 21, 2015	-	2,264,928	-	-	2,264,928
\$0.20	April 28, 2015	-	400,000	-	-	400,000
		5,600,000	2,864,928	1,056,000	200,000	7,208,928

Subsequent to April 30, 2010, the Company granted 100,000 stock options to a consultant of the Company, at an exercise price of \$0.20 per share, with an expiry date of May 1, 2015. In addition, 1,050,000 of the January 12, 2014 options were reduced to 150,000 options, and 1,489,928 of the January 21, 2015 options were terminated upon the resignation of certain directors and cancellation of consulting services agreements.

e) Share Purchase Warrants

As at April 30, 2010, the Company has the following share purchase warrants outstanding:

Exercise Price Per Share	Expiry Date	Apr. 30, 2009	Issued	Exercised	Expired/ Cancelled	Apr. 30, 2010
\$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	-
		2,870,000	-	-	2,870,000	-

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10. CONTRIBUTED SURPLUS

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 1,358,609	\$ 275,296
Stock-based compensation - Consultants	341,316	776,497
- Corporate development	88,734	109,421
- Investor relations	11,840	33,281
- Employees and directors	342,980	117,261
Reclassified to share capital on exercise of stock options	(104,424)	(5,543)
Compensation warrants issued as finder's fees	-	52,396
Balance, end of year	\$ 2,039,055	\$ 1,358,609

During the year ended April 30, 2010 and 2009, the Company executed a number of transactions involving share purchase options granted to consultants and key personnel and warrants issued to agents of the private placement financings. The Company recorded contributed surplus arising from these transactions as follows:

- a) During the year ended April 30, 2010, the Company recorded expenses for consulting fees of \$341,316, corporate development of \$88,734, investor relations of \$11,840 and stock-based compensation of \$342,980 for the grant of 3,489,928 vested options. The options were granted to consultants and directors of the Company. In addition, directors, a former director and an employee exercised 1,056,000 stock options resulting in a charge to contributed surplus of \$104,424.
- b) During the year ended April 30, 2009, the Company assigned a value of \$52,396 to the warrants issued to its agents in connection with the private placement financing.
- c) During the year ended April 30, 2009, the Company recorded expenses for consulting fees of \$776,497, corporate development of \$109,421, investor relations of \$33,281 and stock-based compensation of \$117,261 for the grant of 3,275,000 vested stock options. The options were granted to consultants, employees, and a director of the Company. In addition, an employee exercised 30,000 stock options resulting in a charge to contributed surplus of \$5,543.

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:

	<u>2010</u>	<u>2009</u>
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 (%)	83.09-147.73	83.73-147.73

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11. RELATED PARTY TRANSACTIONS

a) The following related party transactions occurred during the years ended April 30, 2010 and 2009:

	<u>2010</u>		<u>2009</u>
Consulting and exploration fees paid to a director of the Company	\$ 7,763	\$	24,656
Corporate development fees paid to a company controlled by a former director of the Company	\$ 6,000	\$	12,000
Management fees paid to a company controlled by a director of the Company	\$ 90,000	\$	60,000
Rent paid to a company with common management	\$ 3,888	\$	7,679

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. The exchange amount reflects the values that the Company would transact at with arm's length parties.

b) The following common shares were issued to related parties during the years ended April 30, 2010 and 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 disclosed as receivable from related parties, is due from a company with similar directors and represents payments made by the Company on behalf of this related party. The balance due is unsecured, non-interest bearing and due on demand. Subsequent to April 30, 2010, the \$1,611 balance due from the related party was received in full.

12. INCOME TAXES

No provision for recovery of income taxes was made in 2010 and 2009 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 \$2,599,124 (2009 - \$2,185,162) which expire in various years to 2030 as follows:

2011	\$ 237,345
2015	185,945
2016	354,030
2027	338,420
2028	380,177
2029	462,069
<u>2030</u>	<u>641,138</u>
	<u>\$ 2,599,124</u>

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12. INCOME TAXES (CONT'D)

As at April 30, 2010, the Company has undeducted resource related expenses of approximately \$12,772,000 (2009 - \$12,243,000) and net capital losses of \$1,150,208 (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 \$253,725 (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 consolidated 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>2010</u>	<u>2009</u>
Loss before income taxes	\$ (1,324,125)	\$ (1,414,259)
Tax rate	25.00%	29.00%
Calculated income tax recovery	(331,031)	(410,135)
Share issuance costs deductible for tax purposes	(6,022)	(91,503)
Items not deductible for tax purposes	196,468	300,863
Expiry of non-capital loss carryforward	56,794	52,273
Reduction in effective tax rate	407,629	205,188
Decrease in valuation allowance	(323,838)	(56,686)
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>2010</u>	<u>2009</u>
Future income tax assets		
Temporary differences in assets	\$ 1,837,919	\$ 2,154,837
Non-capital loss carry forwards	649,781	633,697
Net-capital loss carry forwards	143,776	166,780
	2,631,476	2,955,314
Valuation allowance for future income tax assets	(2,631,476)	(2,955,314)
	\$ -	\$ -

13. 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. COMMITMENTS (CONT'D)

At April 30, 2010, the Company has \$83,250 in remaining lease payments for use of its Kamloops B.C. office to July 31, 2015. The Company charges a portion of these monthly lease payments to Exchange listed companies which have directors and officers in common, and which use the same premises.

14. 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:

	2010	2009
Canada	\$ 2,213,549	\$ 631,495
Africa	7,609,306	5,777,133
	\$ 9,822,855	\$ 6,408,628

15. SUBSEQUENT EVENTS

Effective May 1, 2010, the Company entered into a consulting agreement with an Australian private company controlled by a director of the Company. The consulting agreement requires payments of \$5,000 per month and is in effect until April 30, 2015 unless sooner terminated in accordance with the provisions of the agreement.

Effective May 1, 2010, the Company entered into a consulting agreement with a U.S. based consultant requiring payments of US\$3,000 per month and is in effect until October 31, 2010. The Company or the consultant may terminate the agreement upon giving 30 days written notice to the other party.