

**AFRICA WEST MINERALS CORP.**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**August 31, 2009**  
**(Unaudited)**

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

The accompanying unaudited interim consolidated financial statements of Africa West Minerals Corp. as at August 31, 2009 and May 31, 2009 and for the three months ended August 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.

**AFRICA WEST MINERALS CORP.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	<b>August 31, 2009</b>	<b>(Note 13) May 31, 2009</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 74,912	\$ 36,490
Accounts receivable	1,555	5,790
Prepaid expenses	2,535	3,960
	79,002	46,240
<b>Equipment</b> (Note 4)	22,311	68,466
<b>Mineral Property Advances</b>	102,373	99,673
<b>Mineral Property Interests</b> (Statement) (Note 5)	1,948,538	1,975,819
<b>Deferred Exploration Expenditures</b> (Statement)	874,577	881,013
	\$ 3,026,801	\$ 3,071,211
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accruals (Note 7)	\$ 79,916	\$ 61,088
<b>FUTURE INCOME TAXES</b>	368,000	368,000
	447,916	429,088
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (Note 6(b))	4,132,753	4,132,753
<b>Contributed Surplus</b> (Note 6(b))	360,392	359,402
<b>Deficit</b>	(1,914,260)	(1,850,032)
	2,578,885	2,642,123
	\$ 3,026,801	\$ 3,071,211

Approved By The Directors:

James T. Gillis Director

Christopher J. Wild Director

**AFRICA WEST MINERALS CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited)

	<b>For the three months ended August 31, 2009</b>	<b>For the three months ended August 31, 2008</b>
<b>Administrative Expenses</b>		
Advertising and promotion	\$ 260	\$ 2,348
Amortization of equipment	11	7,326
Consulting fees	9,000	1,980
Dues, conferences and subscriptions	1,735	1,367
Interest and foreign exchange loss (gain)(Note 7)	(68)	(27)
Management fees (Note 7)	15,000	13,500
Office, clerical and sundry	147	950
Professional fees	23,778	18,293
Rent and telephone (Note 7)	2,756	2,163
Stock based compensation	990	197,803
Wages and benefits	7,717	7,740
Transfer agent and filing fees	3,137	13,554
Travel	-	263
<b>Net loss before other items</b>	<b>(64,463)</b>	<b>(267,260)</b>
<b>Other items</b>		
Interest	-	2,960
Sale of property interest	235	-
<b>Net loss for the period</b>	<b>(64,228)</b>	<b>(264,300)</b>
<b>Deficit, beginning of period</b>	<b>(1,850,032)</b>	<b>(454,941)</b>
<b>Deficit, end of period</b>	<b>\$ (1,914,260)</b>	<b>\$ (719,241)</b>
<b>Basic and dilutes loss per share</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>41,417,804</b>	<b>32,151,739</b>

**AFRICA WEST MINERALS CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>For the three months ended August 31, 2009</b>	<b>For the three months ended August 31, 2008</b>
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<b>Cash Provided By (Used For):</b>		
<b>Operating Activities</b>		
Net loss	\$ (64,228)	\$ (264,260)
Items not requiring cash:		
Amortization	11	7,326
Stock based compensation	990	197,803
Net change in non-cash working capital items :	24,488	(61,778)
Cash used for operating activities	(38,739)	(120,909)
<hr/>		
<b>Investing Activities</b>		
Acquisition advance for cash	(2,700)	-
Acquisition of mineral property interests for cash	-	(436,273)
Deferred exploration expenditures paid	(15,385)	(338,937)
Sale of property interests for cash	46,908	
Sale of equipment	48,638	
Receipt of Gold Rim Exploration Inc loan	-	250,000
Cash provided by (used for) investing activities	77,461	(525,210)
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<b>Financing Activities</b>		
Shares issued for cash	-	277,623
Share issuance costs paid by cash	-	(23,223)
Cash provided by financing activities	-	254,400
<hr/>		
<b>Increase (decrease) in cash</b>	<b>38,422</b>	<b>(391,719)</b>
<b>Cash and equivalents, beginning of period</b>	<b>36,490</b>	<b>731,909</b>
<hr/> <hr/>		
<b>Supplemental cash flow information</b>		
Non-cash transactions		
Share issuance costs	\$ -	\$ 49,995

**AFRICA WEST MINERALS CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF MINERAL PROPERTY INTERESTS**  
**(Unaudited)**

	(Note 13) May 31, 2009	Additions	Sale of property interests (Note 5)	August 31, 2009
Kakamega Property	\$ 599,200	\$ -	\$ -	\$ 599,200
Kanweaken Property	106,526	-	(25,000)	81,526
Ngira Migori Property	2,281	-	(2,281)	-
Nyakaqwe Property	1,258,446	-	-	1,258,446
Ugunja Property	9,366	-	-	9,366
	<u>\$ 1,975,819</u>	<u>\$ -</u>	<u>\$ (27,281)</u>	<u>\$ 1,948,538</u>

Gedabo Property, Liberia	\$ 174,007	\$ -	\$ (174,007)	\$ -
Kakamega Property, Kenya		599,200		599,200
Kanweaken Property, Liberia	177,913	-	(71,387)	106,526
Ngira Migori Property, Kenya		2,281		2,281
Nyakaqwe Property, Tanzania		1,258,446		1,258,446
Ugunja Property, Kenya		9,366		9,366
	<u>\$ 351,920</u>	<u>\$1,869,293</u>	<u>\$ (245,394)</u>	<u>\$ 1,975,819</u>

	December 31, 2007	Additions	May 31, 2008
Gedabo Property	\$ 174,007	\$ -	\$ 174,007
Kanweaken Property	177,913	-	177,913
	<u>\$ 351,920</u>	<u>\$ -</u>	<u>\$ 351,920</u>

**AFRICA WEST MINERALS CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF DEFERRED EXPLORATION EXPENDITURES**  
(Unaudited)

	<b>For the three months ended August 31, 2009</b>	<b>(Note 13) For the twelve months ended May 31, 2009</b>
<b>Gedabo Property</b>		
Opening balance	\$ -	\$ 479,027
Administration	-	7,551
Camp	-	(1,092)
Communication	-	5,453
Field supplies	-	534
Geochemical	-	19,116
Rent	-	3,085
Travel	-	20,781
Wages and consultants	-	72,823
Recovered costs	-	(39,450)
Write down (Note 5)	-	(567,828)
Ending balance	-	-
<b>Kanweaken Property</b>		
Opening balance	283,034	476,572
Administration	3,706	5,273
Camp	150	1,185
Communication	-	3,586
Field supplies	-	534
Geochemical	-	19,116
Rent	-	3,085
Travel	1,793	20,780
Wages and consultants	600	74,800
Recovered costs	(4,300)	(38,863)
Write down (Note 5)	-	(283,034)
Ending balance	284,983	283,034
<b>Nyakagwe Property</b>		
Opening balance	543,965	103,285
Administration	41	7,688
Camp	-	59,204
Communication	-	3,633
Drilling	-	58,019
Field supplies	-	12,909
Geochemical	-	45,331
Rent	-	14,774
Travel	-	33,277
Wages and consultants	10,000	205,845
Ending balance	554,006	543,965

<b>Kakamega Property</b>		
Opening balance	34,262	-
Administration	931	7,410
Camp	270	3,591
Communication	-	1,301
Field supplies	-	1,221
Geochemical	-	1,185
Travel	-	14,668
Wages and consultants	-	4,886
Ending balance	35,463	34,262
<b>Ngira Migori Property</b>		
Opening balance	19,627	-
Administration	-	50
Camp	-	3,742
Communication	-	395
Field supplies	-	3,647
Travel	-	8,533
Wages and consultants	-	3,260
Sale of property interest	(19,627)	
Ending balance	-	19,627
<b>Ugunja Property</b>		
Opening balance	48	-
Administration	-	48
Ending balance	48	48
<b>Sotik Property</b>		
Opening balance	77	-
Administration	-	77
Ending balance	77	77
	<b>\$ 874,577</b>	<b>\$ 881,013</b>

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

**1. Nature of Operations**

Africa West Minerals Corp. (“AWMC (Old)”) was incorporated in the Province of British Columbia on September 28, 2004 as Liberian Gold Corporation and changed its name to Africa West Minerals Corp. (the “Company”) on June 28, 2006.

Since inception the Company has investigated mineral prospects in Liberia, Tanzania and Kenya and, to date, has not determined whether these properties contain economically recoverable reserves of ore. The Company has not earned any revenues from its mineral properties and is considered to be in the exploration stage.

- (a) AWMC (Old) incorporated two subsidiary companies, Liberian Gold Corporation Ltd (a British Virgin Islands corporation) (“LGC-BVI”) and Liberian Gold Corporation Inc. (a Liberian corporation 100% owned by LGC-BVI). Liberian Gold Corporation Inc. holds the rights to the Company’s interest in the Gedabo and Kanweaken exploration permits. AWMC (Old) entered into an agreement with Villanova Capital Corp. (“Villanova”) dated October 5, 2007 and completed on January 28, 2008 pursuant to which the shareholders of AWMC (Old) acquired control of Villanova, a company listed on the TSX Venture Exchange, through a reverse takeover (“RTO”) pursuant to which: Each issued and then outstanding common share of AWMC (Old) was exchanged for one common share of Villanova, resulting in the issue of 11,282,067 common shares of Villanova to the shareholders of AWMC (Old)
- (b) Villanova was renamed Africa West Minerals Corp. (AWMC (New)) and the original Africa West Minerals Corp. was renamed Liberian Gold Corporation.
- (c) The outstanding 10,250,000 common shares of Villanova and options to acquire up to 1,200,000 common shares remained unchanged.
- (d) A finder’s fee of 100,000 common shares at a deemed value of \$24,884 was issued to an arms’ length party for introducing Villanova to AWMC (Old).
- (e) AWMC (Old) and Villanova obtained the approval of the transactions described in (a) through (c) above from its shareholders and the appropriate regulatory authorities, including approval of the transaction as a “qualifying transaction” of Villanova by the TSX Venture Exchange.

On completion of the RTO, AWMC (New) had a total of 21,632,067 common shares issued and outstanding options to purchase 1,200,000 common shares (Note 6(c)) of which 50.1% of the common shares were held by previous holders of AWMC’s (Old) shares and Subscription Receipts and 49.9% were held by previous Villanova shareholders. All of the options were held by the previous holders of Villanova options.

In accordance with Canadian generally accepted accounting principles, AWMC (Old) was identified as the acquirer at the completion of the RTO since the previous shareholders of AWMC (Old) effectively acquired control of AWMC (New), the legal parent company. Accordingly, the authorized share capital and capital structure presented in these consolidated financial statements is that of AWMC (New), the legal parent, the issued share capital is that of AWMC (Old), the legal subsidiary, and the comparative figures include the operations of AWMC (Old) to the date of completions of the RTO as that company is considered to be the continuing company.

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

The fair values of the net assets of Villanova deemed to have been acquired by APMC (Old) on the RTO were:

Cash	\$ 791,330
Accounts receivable	8,099
Accounts payable	(44,575)
	\$ 754,854

The company entered into an agreement on February 21, 2008 with Gold Rim Exploration Inc. (“Gold Rim”), a company with mineral properties in Kenya and Tanzania, to acquire all the outstanding shares of Gold Rim in exchange for 4,200,000 common shares of the Company. On that date the Company also advanced Gold Rim \$250,000 to enable it to satisfy its mineral property obligations. The Company incurred geological consulting and other costs of \$103,285 on Gold Rim’s mineral properties between February 21 and May 31, 2008, which have been recorded at May 31, 2008 as deferred exploration expenditures.

The purchase of Gold Rim was completed on June 9, 2008 and the common shares of the Company issued for the purchase were assigned a fair value of \$840,000, based on the average trading price of the shares for the period covering four days before and after the announcement of the acquisition. The fair values of the assets and liabilities acquired on the purchase were:

Cash	\$ -
Mineral properties	1,458,000
	1,458,000
Liabilities	(250,000)
Future income tax liability	(368,000)
	\$ 840,000

The initial purchase price allocation reported in the notes to the May 31, 2008 consolidated financial statements differ from these amounts for a reduction of liabilities assumed and of cash acquired, a reduction in the future income tax liability and, consequently, a reduction of the portion of the purchase price allocated to mineral properties.

These consolidated financial statements have been prepared on the going concerns basis, which presumes that the Company will continue operations 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 a net loss of \$103,566 for the three months ended August 31, 2009 and working capital deficiency of \$914 at August 31, 2009. The ability of the Company to continue as going concern is in doubt and is dependant upon the continued support from its directors and its ability to continue to raise sufficient financing. Management is seeking equity financing and joint venture opportunities, the outcome of which cannot be predicted at this time. These financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company were unable to continue.

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

**2. Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting principles (“GAAP”) and reflect the following significant accounting policies:

**Basis of Consolidation**

These financial statement include the accounts of Africa West Minerals Corp. and its wholly-owned subsidiaries, Liberian Gold Corporations Ltd., Liberian Gold Corporation Inc., Gold rim Exploration Inc., and Gold Rim Exploration Kenya Ltd., (individually and collectively referred to as the “Company”).

**Use of Estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the consolidated financial statements, as well as the reported amounts of revenues earned and expenses incurred during the reporting period. Actual results could differ from those estimates.

Items involving substantial measurement uncertainty are the estimated fair values of accounts receivable and accrued liabilities, the loans receivable and payable, the recoverability of mineral property interests and their related deferred exploration expenditures, the provision for future site restoration and abandonment costs, the provision for future income taxes, the determination of stock-based compensation and the valuation of warrants. By their nature, these estimates are subject to future changes and the impact of those changes on the consolidated financial statements could be material.

**Cash and Cash Equivalents**

Cash equivalents consist of temporary investments that are highly liquid and are readily convertible to known amounts of cash and have maturities of ninety days or less at the time of acquisition. Cash equivalents are carried at their carrying amounts, which estimate their fair values. As at May 31, 2009 cash and cash equivalents of \$6,063 (May 31, 2008 \$46,597) are held in US dollars and are reported in these consolidated financial statements at their Canadian dollar equivalent.

	<b>August 31, 2009</b>	<b>(Note 13) May 31, 2009</b>
Cash	\$ 74,912	\$ 36,490

**Financial Assets and Financial Liabilities**

The Company’s financial assets and financial liabilities are classified as follows:

- Cash equivalents are classified as “held to maturity”. They are measured at amortized cost. At August 31, 2009 and May 31, 2009 the recorded amounts approximates fair value.
- Accounts receivable are classified as “loans and receivables”. They are measured at amortized cost. At August 31, 2009 and May 31, 2009 the recorded amounts approximates fair value.

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

- Accounts payable and accrued liabilities and payable to directors are classified as “other financial liabilities” and are measured at amortized cost. At August 31, 2009 and May 31, 2009 the recorded amounts approximate fair value.

Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability are added to the carrying amount of the financial asset or financial liability, and are amortized to operations using the effective interest rate method.

The Company retains and/or has obligations related to certain carried interest rights to mineral properties and net smelter royalties, the values of which are derived from future events and commodity prices. These rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine their fair values.

#### **Mineral Property Interests and Deferred Exploration Expenditures**

The cost of mineral property interests and their related direct exploration expenditures are capitalized until the properties are placed into production, sold or abandoned. These deferred expenditures will be amortized on a unit-of-production basis over the estimated recoverable reserves from the properties following the commencement of production, or written-off if the properties are allowed to lapse or abandoned. Mineral property interest sale and option proceeds received are first credited against the costs of the related property, with any excess credited to operations. No gains or losses are recognized on the partial sale or dispositions of properties except in circumstances which result in significant dispositions of reserves.

Cost includes the cash consideration paid and the fair value of common shares issued on the acquisition of mineral property interests. The recorded costs of mineral property interests and their related deferred exploration expenditures represent costs incurred, and are not intended to reflect present or future values. The Company does not accrue the estimated future costs of maintaining its mineral property interests in good standing.

The Company reviews the capitalized costs of its mineral property interests and related deferred exploration expenditures on a periodic basis and will recognize an impairment in value based upon current exploration or production results, if any, and upon management’s assessment of the probability of future net cash flow from the interests or from sale of the interests. Management’s assessment of the interests’ estimated current fair value is also based upon its review of other property transactions in the same geographic area.

#### **Environmental Expenditures**

The Company applies the standard of accounting for asset retirement obligations whereby the Company estimates, when a reasonable estimate can be made, the fair value of site restoration and clean-up costs for mineral property interests and reflects this amount in the cost of the mineral property interest acquired. The liability accretes over time through periodic charges to operations or mineral property interest costs. After the first year, the Company adjusts the carrying amounts of the assets and the liability for changes in estimates of the amount or timing of underlying future cash flows.

It is possible that the Company’s estimates of its ultimate reclamation and site restoration liability could change as a result of changes in regulations or cost estimates. The effect of changes in estimated costs is recognized on a prospective basis.

There were no accrued reclamation costs as at August 31, 2009 and May 31, 2009.

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

**Equipment**

Equipment is recorded at cost and is amortized using the declining balance method at the rates disclosed in Note 4. In the period of acquisition, one half of the normal rate is applied, and in the period of disposal no amortization is provided.

**Income Taxes**

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences) and for the future tax benefit of loss carry forwards. Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse and when the benefit of loss carry forwards are expected to be realized. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially enacted. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

**Foreign Currency Translation**

Monetary assets and liabilities denominated in a foreign currency are translated at the period end rates of exchange. All other foreign currency assets and liabilities are translated at the rate prevailing on the dates the assets were acquired, or the liabilities were incurred. Revenues and expenses are translated at the exchange rate in effect on the dates they occur. Translation gains and losses for the period are included in operations.

**Stock-Based Compensation**

The Company used the fair value method of accounting for stock-based compensation awards made to directors, officers, employees and consultants. Under the fair value method, compensation costs, equal to the fair value of share purchase options on the date of grant, are recorded in operations, at the date of grant for options granted to consultants and over the vesting periods for all other options, with an offsetting credit to contributed surplus. Consideration received upon exercise of the options is recorded as share capital and the contributed surplus related to the recognized fair value of the options which have been exercised is transferred to share capital.

**Earning or Loss Per Share**

Basic earnings or loss per share are calculated using the weighted average number of common shares of the Company that were outstanding in each reporting period. The diluted earnings per share, which is disclosed only if dilutive, includes the potential dilution from outstanding options and share purchase warrants and is calculated using the treasury stock method and the weighted average number of shares outstanding. The diluted loss per shares is the same as the basic loss per share.

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

**3. New Accounting Pronouncements**

New accounting pronouncements issued by CICA and which the Company intends to evaluate and, when applicable, adopt in the preparation of its future financial statements are:

**(a) Goodwill and intangible assets**

In February 2008, the CICA issued Section 3064 Goodwill and Intangible Assets replacing Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The standards concerning goodwill and unchanged from the standards included in the previous Section 3062.

This section is effective in the first quarter of the 2010 fiscal year. The adoption of this section does not currently affect the Company's financial statements.

**(b) Business combinations**

In January 2009 the CICA issued Section 1582 Business Combinations, Section 1601 Consolidated Financial Statements and Section 1602 Non-Controlling Interests replacing Section 1581 Business Combinations and Section 1600 Consolidated Financial Statements. The new standards, equivalent to the standards under International Financial Reporting Standards, have shifted from a parent company conceptual view of consolidation theory (which results in the parent company recording the book values attributable to non-controlling interests) to an entity conceptual view (which results in the parent company recording the fair values attributable to non-controlling interests).

These sections are applicable to business combinations with acquisition dates on or after January 1, 2011 and for the Company's consolidated financial statements for its fiscal year beginning June 1, 2011. Adoption of these sections is not expected to affect the Company

**(c) Convergence with International Financial Reporting Standards**

In 2006, the Accounting Standards Board of the Canadian Institute of Chartered Accountants ratified a strategic plan that will result in Canadian GAAP, as used by public companies, evolving and being converged with International Financial Reporting Standards ("IFRS") over a transitional period currently expected to be completed by 2011. The International Accounting Standards Board currently has projects underway that should result in new pronouncements which will be included in the convergence process.

The Company is conducting a detailed assessment of the requirements of the transition to IFRS, with the intention of identifying the timing of the implementation of the transition, major differences in accounting policies and selecting the policies which are appropriate for the Company, identifying the appropriate disclosure in financial statements prepared under IFRS and developing and implementation plan.

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

**4. Equipment**

<b>August 31, 2009</b>				
	<b>Rate</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Automotive equipment	30%	\$ 36,423	\$ 14,313	\$ 22,110
Furniture and equipment	20%	501	300	201
		\$ 36,924	\$ 14,613	\$ 22,311

<b>(Note 13) May 31, 2009</b>				
	<b>Rate</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Automotive equipment	30%	\$ 138,183	\$ 69,929	\$ 68,254
Furniture and equipment	20%	501	289	212
		\$ 138,684	\$ 70,218	\$ 68,466

**5. Mineral Property Interests**

**(a) Gedabo Property, Liberia:**

The Government of the Republic of Liberia had granted to the Company's indirectly owned subsidiary, Liberian Gold Corporation Inc., mineral exploration rights over approximately 960 square kilometers on the eastern side of the Gedabo area, situated in the Maryland and River Gee Counties, Republic of Liberia. The Company abandoned these mineral exploration rights on June 2, 2009.

**(b) Kanweaken Property, Liberia:**

The Government of the Republic of Liberia had granted to the Company's indirectly owned subsidiary, Liberian Gold Corporation Inc., mineral exploration rights over approximately 1,000 square kilometers in the Grand Kru, Maryland and River Gee Counties, Republic of Liberia.

The exploration licenses for the Kanweaken property are included in the terms of Mineral Exploration Agreements (MEA) issued by the Government of the Republic of Liberia. The license includes rights to all mineral commodities on the property. The MEA has a term of three years (Exploration Period) from March 22, 2005, which has subsequently extended by two years, to June 9, 2010. Pursuant to the extension of the MEA, the Company was required to reduce the size of the license by 50% as of June 12, 2008. On June 2, 2009 the Company reduced the size of the Kanweaken Property by another 50% to 250 square miles.

The Company pays an annual renewal fee of US \$5,000 per Exploration License on or before each of June 9, 2009 and June 9, 2010, annual rental fees of a maximum amount of US\$11,120 on or before each of June 9, 2009 and June 10, 2010 and has to incur annual exploration expenditures up to US\$247,100 on and before each of June 9, 2009 and June 9, 2010. In the event that Africa West decides to abandon any part of the property, the annual rental fees and expenditures will decrease correspondingly. The Company is also obligated to pay US \$3.00 per acre for all areas on which a pilot mining project is being conducted.

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

As of the date of these financial statements, the Company has not conducted any pilot mining on the Kanweaken properties.

The Company shall also pay a royalty of 3% on any gold or diamonds sold to the Government. Royalties on other commodities are to be negotiated.

The Company signed a Mining Option Agreement with Cassidy Gold Corp (“Cassidy”), a company with directors in common, on November 10, 2008 pursuant to which Cassidy has an option to acquire a 60% interest in the Company’s mining concessions in Liberia. As part of the consideration payable under this agreement, Cassidy has purchased, in cash, 1,000,000 common shares of the Company at a price of \$0.10 per share.

In order to maintain the Option Agreement, Cassidy was required to fulfill Africa West’s obligations under the relevant license agreements. On June 12, 2009, the Company received notice from Cassidy Gold Corp that it has terminated the option.

The Company entered into an option agreement dated July 13, 2009 with Providence Capital Corp. (“Providence”), a company with a director in common, for the acquisition of a 60% interest (the “Option”) in the Kanweaken Property. Providence paid the Company \$25,000 upon acceptance by the TSX Venture Exchange (the “Exchange”) of the Option. In order to maintain the Option, Providence is required to fulfill the Company’s obligations under the Kanweaken License agreement, paying certain annual renewal and rental fees of approximately US\$17,500 on or before June 9, 2010 and incurring minimum expenditures of US\$123,550 on or before June 9, 2010.

Providence must keep the Kanweaken Property in good standing during the option period and pay all taxes, assessments and related charges. Additionally, on the first anniversary of Exchange approval, Providence must issue 150,000 common shares to the Company; on the second anniversary of Exchange approval, Providence must issue 200,000 common shares to the Company; and on the third anniversary of Exchange approval, Providence must issue 550,000 shares, to earn its 60% interest.

**(c) Nyakagwe Property, Tanzania:**

In Tanzania, Gold Rim acquired Primary Mining Licenses (“PML”) from a group of local land owners in an area located about six kilometers from Barrick’s Bulyanhulu Mine, which is in the heart of Victoria Gold Fields District. The group of 36 PMLs form 3 blocks of contiguous claims, now named the Nyakagwe Project.

**(d) Kakamega Properties, Kenya:**

In Kenya, Gold Rim acquired a 16 square kilometer (“km<sup>2</sup>”) Exclusive Prospecting License (“EPL”) to cover the former Rosterman Mine and surrounding areas. The Company has two other licenses in the immediate area for an additional 50km<sup>2</sup>.

In order to maintain the licences the Company is required to incur a minimum of Kenya Shillings (“KES”) 5,000,000 in exploration expenditures per year, per license. A Bond in favour of the Commissioner of Mines & Geology of the Government of Kenya (the “Commissioner”) is to be executed, with 10% of the value of work to be undertaken during each year deposited with the Commissioner in cash while the remaining 90% is to be guaranteed by the financial institution. The Company is also obligated to pay KES 250 per square kilometer for all areas operated under pilot mining.

On August 17, 2009 the Company signed a Memorandum of Understanding with Equatorial Mining Ltd. (“Equatorial”) to develop the extensive surface tailings from the former

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

Rosterman Gold Mine. Under the terms of the agreement, Equatorial will have six months to evaluate the tailings and design a procedure to exploit the contained gold. If Equatorial decides to proceed with the program, the Company will receive an advance royalty payment in cash. The Company will receive a 5% Net Smelter Royalty (NSR) from all product recovered from the Rosterman Gold Mine. Equatorial will have three years to recover material and to rehabilitate the tailings.

**(e) Ugunja Property, Kenya:**

The Company controls the Ugunja Joint Venture which includes an 850km<sup>2</sup>EPL situated at the west end of the Kakamega greenstone belt, the same belt that hosts the Rosterman Mine.

The Joint Venture agreement with Kenya Discovery Ltd. (“KDL”) entered into on December 18, 2007 grants the Company a 15% interest in the property if exploration expenditures of US \$125,000 are incurred and if the Company maintains the license in good standing. The Company may earn an additional 35% interest by incurring an additional US \$125,000 in exploration expenditures.

**(f) Ngira Migori Property, Kenya:**

The Company has entered into the Ngira Migori Joint Venture, which encompasses 320 km<sup>2</sup> area in the Migori area of Kenya. This area has had some previous gold and copper production from the nearby McAlder Mine. The Ngira property has seen small scale gold reef exploration in the past.

The Company has entered into an option agreement dated August 13, 2009 with Red Rock Resources PLC (“Red Rock”) for Red Rock to acquire a 70% interest in the Ngira Migori Property. Red Rock paid the Company US\$20,000 upon signing the agreement and must incur minimum expenditures of US\$180,000 and drill 1,200m before August 13, 2011 and a minimum of 2,400m before August 13, 2012. Red Rock must maintain the property in good standing during the option period.

**(g) Sotik Property, Kenya:**

The Company has applied for the Sotik property, which is located in the same southern province of Kenya and is comprised of 485 km<sup>2</sup> of gold prospective ground.

**6. Share Capital**

**(a) Authorized:**

Unlimited number of common shares at no par value  
 Unlimited number of preferred shares at no par value

**(b) The Company’s issued and outstanding share capital and contributed surplus is:**

Common Shares	Issued		Share Subscriptions	Total
	Quantity	Amount		
<b>Balance, May 31, 2008</b>	22,639,067	\$2,145,448	674,085	\$2,819,533
Private placement net of \$194,293 allocated to the issue of warrants and \$91,794 of issue costs	14,578,737	1,152,383	(674,085)	478,298
Shares issued for the acquisition of Gold Rim (Note 1), net of issue costs of \$5,078	4,200,000	834,922	-	834,922

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

<b>Balance, May 31, 2009 (Note 13)</b>	41,417,804	4,132,753	-	4,132,753
<b>Balance, August 31, 2009</b>	41,417,804	\$4,132,753	\$ -	\$ 4,132,753

**Contributed Surplus**

<b>Balance, May 31, 2008</b>	\$ 51,515
Allocated to warrants on the issue of shares for cash	194,293
Stock based compensation	113,594
<b>Balance, May 31, 2009 (Note 13)</b>	\$ 359,402
Stock based compensation	990
<b>Balance, August 31, 2009</b>	\$ 360,392

(c) **Stock Options:**

Under the Company's stock option plan, the Company may grant options to directors, officers, employees and consultants to purchase common shares up to a maximum number permitted by the TSX Venture Exchange. Options will be granted at the market price on the date of the grant, less permitted discounts, will vest according to the timetable set at the time of the grant and will expire no later than five years from the date of grant.

On June 9, 2008 the Company granted 2,990,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$0.15 per share and expiring on June 8, 2013.

On October 1, 2008 the Company granted 25,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$0.15 per share and expiring on October 1, 2013.

On January 8, 2009 the Company granted 100,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$0.15 per share and expiring on January 8, 2011.

On January 12, 2009 the Company granted 830,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$0.05 per share and expiring on January 12, 2014.

At August 31, 2009 the Company has options outstanding entitling holders to purchase up to 3,945,000 shares of the Company's common stock at exercise prices ranging from \$0.05 to \$0.15. The contractual weighted average remaining life of the outstanding options at August 31, 2009 is 3.69 years (May 31, 2009 – 4.09 years). During the three month period, \$40,328 was recorded as share-based compensation expense for options that had vested.

A summary of share purchase options activity and information concerning outstanding exercisable options at August 31, 2009 is:

	<u>Number of Options</u>	<u>Weighted Average Exercisable Price</u>
Options outstanding and exercisable		
May 31, 2008	1,000,000	\$0.10
Granted	3,945,000	\$ 0.13

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

Expired	(1,000,000)	\$0.10
May 31, 2009	3,945,000	\$0.13
Granted	-	-
Expired	-	-
Options outstanding, August 31, 2009	3,945,000	\$0.13
Options exercisable, August 31, 2009	1,926,665	\$ 0.13

As at August 31, 2009, the following stock options are outstanding:

<b>Options Outstanding And Exercisable</b>	<b>Options Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted Average Remaining Life (Years)</b>
100,000	100,000	0.15	January 8, 2011	1.35
2,990,000	1,495,000	0.15	June 9, 2013	3.77
25,000	8,333	0.15	October 1, 2013	4.08
830,000	779,998	0.05	January 12, 2014	4.36

The Company determined the fair value of the options granted and warrants issued using the Black-Scholes option pricing model, recognizing forfeitures as they occur, using the following weighted average assumptions:

	<b>2009</b>	<b>2008</b>
Risk-free interest rate	1.22%-1.39%	2.5%
Expected life (years)	2.7	2.7
Expected volatility	63.8%-65.2%	79%
Expected dividend yield	Nil	Nil

**(d) Share Purchase Warrants**

As at August 31, 2009, the following warrants to purchase shares are outstanding:

<b>Exercise Price Per Share</b>	<b>Expiry Date</b>	<b>(Note 13) Balance, May 31, 2009</b>	<b>Granted</b>	<b>Balance, August 31, 2009</b>
\$0.10	September 25, 2009	200,000	-	200,000
\$0.10	November 24, 2009	1,650,000	-	1,650,000
\$0.55	January 28, 2010	503,500	-	503,500
\$0.10	February 16, 2010	1,871,000	-	1,871,000
\$0.25	June 9, 2010	3,268,368	-	3,268,368
\$0.15	June 9, 2010	49,000	-	49,000
		7,541,868	-	7,541,868

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

**7. Related Party Transactions**

Related party transactions not otherwise separately disclosed in these financial statements are:

	<b>For the three months ended August 31, 2009</b>	<b>For the three months ended August 31, 2008</b>
Management fees paid to a company controlled by a director of the Company	\$ 15,000	\$ 13,500
Rent paid to a company with common management	\$ 2,333	\$ 1,860
Professional services paid to a company controlled by a director of the Company	\$ -	\$ 1,991

Accounts payable at August 31, 2009 includes \$3,446 (May31, 2009 - \$3,210) payable to a company controlled by a director of the Company.

**8. Commitments**

- (a) The Company has a management services agreement with a company controlled by a director of the Company requiring payments of \$5,000 per month plus taxes (prior to March 1, 2009 - \$4,500 per month plus taxes). The agreement is in effect until February 28, 2014 unless terminated earlier in accordance with the provisions of the agreement.
- (b) The Company shares its premises with other companies controlled by a director of the Company and is allocated its proportion of the annual rent, which is approximately \$8,300.

**9. Segmented Information**

The Company's worldwide operations are all conducted in one industry segment, the exploration and development of mineral property interests.

The Company's assets by geographic segment are:

	<b>August 31, 2009</b>			
	<b>Canada</b>	<b>Liberia, West Africa</b>	<b>Tanzania, East Africa</b>	<b>Kenya, East Africa</b>
Assets by geographic segment:				
Canada	\$ 67,332	\$ 1,950	\$ -	\$ 5,630
Other current assets	4,090		-	-
Equipment	-	22,311	-	-
Mineral property assets	-	366,509	1,914,825	644,154
	<b>\$ 71,422</b>	<b>\$ 390,770</b>	<b>\$ 1,914,825</b>	<b>\$ 649,784</b>

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

May 31, 2009 (Note 13)

	Canada	Liberia, West Africa	Tanzania, East Africa	Kenya, East Africa
Assets by geographic segment:				
Canada	\$ 30,427	\$ 5,655	\$ -	\$ 408
Other current assets	9,750		-	-
Equipment	-	68,466	-	-
Mineral property assets	-	389,560	1,887,669	679,276
	<u>\$ 40,177</u>	<u>\$ 463,681</u>	<u>\$ 1,887,669</u>	<u>\$ 679,684</u>

**10. Income Taxes**

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.

No provision for recovery of future income taxes was made in these financial statements because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for tax purposes of \$2,416,697 (May 31, 2009 - \$2,281,419) which expire as follows:

2014	\$ 3,476
2015	46,606
2026	61,087
2027	170,591
2028	146,706
2029	296,957
2030	135,278
Indefinite	1,555,996

As at August 31, 2009, the Company has undeducted resource related expenses of approximately \$1,149,477 (May 31, 2009 - \$1,181,000) available for deduction against future Canadian taxable income. These expenses have no expiration date. In addition, the Company has undeducted share issuance costs totaling \$94,119 (May 31, 2009 - \$102,748) which are also available for deduction against future Canadian taxable income.

	<b>For the three months ended August 31, 2009</b>	<b>For the three months ended August 31, 2008</b>
Net loss before income taxes	\$(103,566)	\$(264,300)
Statutory Tax rate	30.38%	33.20%
Calculated income tax recovery	(31,463)	(87,748)
Net adjustment for deductible and non-deductible amounts	3	2,432
Unrecognized benefit of non-capital losses	31,460	85,316
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

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

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

	<b>August 31, 2009</b>	<b>(Note 13) May 31, 2009</b>
Other assets	\$ 22,726	\$ 8,600
Undeducted share issue costs for tax purposes	28,593	30,824
Non-capital loss carry forwards	734,192	601,317
	785,511	640,741
Valuation allowance for future income tax assets	(785,511)	(640,741)
	\$ -	\$ -
Future income tax liabilities		
Mineral properties	\$ 368,000	\$ 368,000

**11. Management of Financial Risk**

The Company's financial instruments are exposed to certain risks, which include currency risk, credit risk, interest rate risk, and liquidity risk.

Currency Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of these fluctuations of foreign currency denominated monetary assets and liabilities. The Company currently operates in Canada, Liberia, Kenya and Tanzania. The Company manages its currency risk through the preparation of short and long term expenditure budgets in different currencies and converting Canadian dollars to foreign currencies whenever exchange rates are favourable.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short term investments are on deposit at major financial institutions. Accounts receivable consist primarily of goods and services tax refunds due from the Government of Canada. As such, the Company considers this risk to be minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate cash equivalent investments of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of these investments is limited as the Company only invests in highly liquid securities with short-term maturities.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure (Note 12).

**AFRICA WEST MINERALS CORP.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**  
**(Unaudited)**

**12. Management of Capital**

The Company's objectives when managing capital, which are unchanged from prior periods, are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company considers its capital to be its shareholders' equity. The Company manages its capital and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust its capital, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and short-term investments. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company will have to raise additional capital resources to meet its planned operations and administrative overhead expenses. The future exploration and development of the Company's mineral properties in the near and long term will depend on the Company's ability to obtain additional funding through equity or debt financing or through the joint venture of projects. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control.

**13. Comparative Figures**

The comparative figures disclosed as at May 31, 2009 in these financial statements were subject to an audit engagement.

**14. Subsequent Events**

On October 8, 2009 the Company announced a non-brokered private placement, subject to regulatory approval, of up to 4,000,000 units at a price of \$0.06 per unit for aggregate proceeds of up to \$240,000. Each unit will consist of one common share of the Company and one-half of one non-transferable share purchase warrant each whole warrant entitling the holder to purchase an additional common share at a price of \$0.10 per share for a period of 12 months from the completion of the offering subject to accelerated expiry in certain circumstances. Finder's fees and warrants in amounts yet to be determined may be paid to persons who introduce the Company to investors.