Global Alumina Corporation

Consolidated Financial Statements
December 31, 2007 and 2006
(expressed in U.S. dollars)

PRICEWATERHOUSECOOPERS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Global Alumina Corporation (the "Company") were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 3 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

PricewaterhouseCoopers LLP, Chartered Accountants, the Company's independent auditors, conduct an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. As well, they make an assessment of the accounting principles used and significant estimates made by management and they evaluate the overall financial statement presentation.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are not officers of the Company. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) BRUCE WROBEL
Chairman and Chief Executive Officer

(Signed) MICHAEL J. CELLA
Chief Financial Officer

March 21, 2008

PRICEWATERHOUSECOOPERS

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Auditors' Report

To the Shareholders of
Global Alumina Corporation

We have audited the consolidated balance sheets of **Global Alumina Corporation** as at December 31, 2007 and 2006 and the consolidated statements of operations and comprehensive income, retained earnings (deficit) and cash flows 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 December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario, Canada

March 21, 2008

Global Alumina Corporation

Consolidated Balance Sheets

As at December 31, 2007 and 2006

(expressed in U.S. dollars)

	2007 $	2006 $
Assets		
Current assets		
Cash and cash equivalents	20,203,943	10,894,621
Restricted cash (note 5)	86,049,033	-
Prepaid expenses	1,345,641	11,699,433
Due from affiliates and other assets	188,106	320,932
	107,786,723	22,914,986
Investment in and advances to Guinea Alumina (note 5)	207,617,787	-
Construction-in-progress (note 4)	-	192,295,864
Property, plant and equipment (note 4)	864,260	9,490,039
	316,268,770	224,700,889
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	830,040	26,230,473
Loan payable (note 14)	-	22,310,140
	830,040	48,540,613
Deferred dilution gain	63,445,269	-
	64,275,309	48,540,613
Shareholders' Equity		
Capital stock and other equity (note 6)	238,698,836	238,593,736
Contributed surplus	1,963,400	1,477,886
Retained earnings (accumulated deficit)	11,331,225	(63,911,346)
	251,993,461	176,160,276
	316,268,770	224,700,889

Approved by the Board of Directors

(Signed) Bruce J. Wrobel
Bruce J. Wrobel, Director

(Signed) Michael J. Cella
Michael J. Cella, Director

Global Alumina Corporation

Consolidated Statements of Operations and Comprehensive Income

(expressed in U.S. dollars)

	Years ended December 31, 2007 $	Years ended December 31, 2006 $	Cumulative period from July 31, 1999 (date of incorporation) to December 31, 2007 $
Other income			
Dilution gain (note 5)	88,046,498	-	88,046,498
Interest	3,513,408	1,497,830	6,177,934
Other	160,108	207,502	1,355,338
	91,720,014	1,705,332	95,579,770
Expenses			
Engineering	-	-	15,041,729
Professional fees	4,955,631	6,708,540	28,858,221
General and administrative	10,186,036	12,198,010	34,658,941
Amortization	1,456,417	2,317,367	5,792,399
	16,598,084	21,223,917	84,351,290
Share of net income in Guinea Alumina (note 5)	1,006,018	-	1,006,018
Net income (loss) and comprehensive income for the period	76,127,948	(19,518,585)	12,234,498
Basic income (loss) per share (note 8)	0.37	(0.10)	0.06
Diluted income (loss) per share (note 8)	0.37	(0.10)	0.06

Global Alumina Corporation

Consolidated Statements of Retained Earnings (Deficit)

For the years ended December 31, 2007 and 2006

(expressed in U.S. dollars)

	2007 $	2006 $
Balance - Beginning of year		
As previously reported	(63,911,346)	(44,392,761)
Effects of adoption of new accounting standard (note 2)	(885,377)	-
As restated	(64,796,723)	(44,392,761)
Net income (loss) and comprehensive income for the year	76,127,948	(19,518,585)
Balance - End of year	11,331,225	(63,911,346)

Global Alumina Corporation

Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	Years ended December 31, 2007 $	2006 $	Cumulative period from July 31, 1999 (date of incorporation) to December 31, 2007 $
Cash provided by (used in)			
Operating activities			
Net income (loss) for the year	76,127,948	(19,518,585)	12,234,498
Stock options/common stock issued for services (note 6)	485,514	495,719	2,263,398
Dilution gain (note 5)	(88,046,498)	-	(88,046,498)
Amortization	1,456,417	2,317,367	5,792,399
Share of net income in equity investment	(1,006,018)	-	(1,006,018)
	(10,982,637)	(16,705,499)	(68,762,221)
Changes in non-cash items relating to operating activities			
Prepaid expenses	1,787,470	(9,568,216)	(9,907,136)
Accounts payable and accrued liabilities	5,717,764	10,803,550	31,893,867
Effects of adoption of new accounting standard (note 2)	(885,377)	-	(885,377)
Due from affiliates and other assets	132,826	(285,408)	(280,045)
	(4,229,954)	(15,755,573)	(47,940,912)
Investing activities			
Acquisition of Aluminpro	-	-	(576,684)
Additions to property, plant and equipment	(114,908)	(3,163,312)	(12,861,283)
Additions to construction-in-progress	(45,188,035)	(116,459,696)	(237,483,899)
Cash flows relating to deconsolidation and investment in Guinea Alumina (note 5)	167,096,292	-	167,096,292
Restricted cash	(86,049,033)	15,316,955	(86,049,033)
Payments to affiliates	-	-	(71,099)
	35,744,316	(104,306,053)	(169,945,706)
Financing activities			
Proceeds from issuances of common shares	105,100	37,232,849	237,894,837
Deferred offering expenses	-	-	(4,827)
Collection of stock subscription receivable	-	-	4,000
Loan payable	(22,310,140)	22,310,140	-
Proceeds from affiliates	-	-	196,551
	(22,205,040)	59,542,989	238,090,561
Net increase (decrease) in cash and cash equivalents during the year	9,309,322	(60,518,637)	20,203,943
Cash and cash equivalents - Beginning of year	10,894,621	71,413,258	-
Cash and cash equivalents - End of year	20,203,943	10,894,621	20,203,943

(expressed in U.S. dollars)

1 Nature of operations

Global Alumina Corporation's ("Global Alumina" or the Company") business is the development of an alumina refinery located in the bauxite mining region of the Republic of Guinea ("Guinea"). Global Alumina intends to accomplish this initiative through its one-third interest in Guinea Alumina Corporation, Ltd. ("Guinea Alumina"), a British Virgin Islands company, and its wholly owned Guinean subsidiary, Guinea Alumina Corporation, S.A. ("Guinea Alumina S. A.").

The Company is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, the dependence on key individuals, successful development, and the ability to secure adequate financing to meet the minimum capital required to successfully complete the project. The Company is directing substantially all of its efforts through a joint venture partnership with certain parties (as described under note 5, "Formation of joint venture").

In addition, the properties may be subject to sovereign risk, including political and economic instability, government regulations relating to mining, currency fluctuations and local inflation. Changes in future conditions could require material write-downs of the carrying values.

2 Adoption of new accounting recommendations

Financial instruments

Effective January 1, 2007, the Company adopted The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income; Section 3855, Financial Instruments - Recognition and Measurement; and Section 3865, Hedges. These new standards contain comprehensive requirements for the recognition and measurement of financial instruments, the treatment of financing costs and the application of hedge accounting. Section 1530 also introduces a new component of equity referred to as comprehensive income.

The primary impact on the consolidated financial statements resulting from the adoption of the new standards is an increase in the Company's deficit of $885,377 to reflect the write-off of the balance of deferred financing costs related to the Company's debt (see note 14). Except for the foregoing adjustment, the carrying values of all of the Company's financial assets and liabilities at January 1, 2007 approximated their fair values.

Accounting changes

Effective January 1, 2007, the Company adopted CICA Handbook Section 1506, Accounting Changes, which replaced and updated the previous standard. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The adoption of this standard had no impact on the Company.

(expressed in U.S. dollars)

Future accounting changes

In December 2006, CICA Handbook Section 3862, Financial Instruments - Disclosures; Section 3863, Financial Instruments - Presentation; and Section 1535, Capital Disclosures were issued. All three sections will be applicable for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Section 3862 on financial instrument disclosures places an increased emphasis on disclosures about risks associated with both recognized and unrecognized financial instruments and how these risks are managed and is consistent with Section 3861. The new section removes duplicative disclosures and simplifies the disclosures relating to concentration of risk, credit risk, liquidity risk and price risk currently found in Section 3861. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

Effective January 1, 2009, the Company will adopt Section 3064, "Goodwill and Intangible Assets," which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, "Revenues and Expenses," during the pre-operating period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

The Company has not yet determined the impact of adopting the above accounting standards.

IFRS convergence

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

3 Basis of presentation and summary of significant accounting policies

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Principles of consolidation

The consolidated financial statements include the accounts of Global Alumina Corporation and its direct and indirect wholly-owned subsidiaries, Aluminpro Aluminium Industry Professionals Inc., Global Alumina Services Company, and Global Alumina International, Ltd. The consolidated financial statements included the accounts of Guinea Alumina Corporation, Ltd. on a fully-consolidated basis until May 17, 2007, on a proportionate consolidation basis from May 17, 2007 to September 30, 2007 and on an equity basis thereafter (see note 5). All references to the Joint Venture after September 30, 2007 are intended to reflect the Company's

(expressed in U.S. dollars)

equity interest in Guinea Alumina on the basis of significant influence over its affairs pursuant to the Shareholders' Agreement.

Investments

The Company accounts for its investments in companies over which it has significant influence using the equity basis of accounting, whereby the investments are initially recorded at cost and subsequently adjusted to recognize the Company's share of earnings or losses of the investee companies and reduced by dividends received, if any. Carrying values of investments would be reduced to estimated market values if there is other than a temporary decline in the value of the investments. Such reduction would be recorded in the statement of operations.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Company uses the asset and liability method of accounting for income taxes, under which future income tax assets and liabilities are recognized for the estimated future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using income tax rates in effect for the period in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in income tax rates or laws is recognized as part of the provision for income taxes in the period the changes are considered substantively enacted.

Future income tax benefits attributable to these differences, if any, are recognized to the extent that the realization of such benefits is more likely than not.

Foreign currency translation

- Reporting currency

  The consolidated financial statements are presented in U.S. dollars (the reporting currency).

  The financial statements of the Company's fully integrated subsidiaries are translated into U.S. dollars using the temporal method. Monetary items are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at historical exchange rates, with corresponding amortization translated at the same exchange rates as the assets to which they relate. Revenues and expenses are translated into U.S. dollars at the rates of exchange prevailing when the

(expressed in U.S. dollars)

underlying transactions occurred. Foreign exchange gains or losses on translation are recognized in the consolidated statements of operations.

- Foreign currency transactions and balances

  The U.S. dollar is the functional currency of the Company. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of operations.

Basic and diluted income per share

Basic income/(loss) per share is computed by dividing income/(loss) for the year by the weighted number of common shares outstanding during the year. Diluted income/(loss) per share is computed using the treasury stock method whereby the weighted average number of common shares used in the basic income/(loss) per share calculation is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued at the beginning of the year. Potential common shares represent the common shares issuable upon the exercise of stock options or warrants. Potential common shares are excluded from the calculation if their effect is antidilutive.

Development costs

The Company follows the provisions of Accounting Guideline No. 11 ("AcG-11"), "Enterprises in the Development Stage." Development costs are capitalized only if they meet the following criteria: the product or process is clearly defined and costs attributable thereto can be defined; the technical feasibility of the process has been established; management of the Company has indicated its intention to produce and market the product; the future market has been clearly defined; and adequate resources exist, or are expected to be available, to complete the project. As at December 31, 2007, the Company has determined that it did not meet all of these criteria. Accordingly, all development costs incurred during 2007 were expensed and classified within the income statement as "Professional Fees."

Property, plant and equipment

Property, plant and equipment are comprised of construction-in-progress, leasehold improvements, motor vehicles and equipment and are recorded at carrying values less amortization. Construction-in-progress is recorded at cost. Amortization will commence when the alumina refinery is available for commercial production. Leasehold improvements are amortized on a straight-line basis over the life of the related lease. The other capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Motor vehicles	30%
Construction equipment	20%
Equipment	30%

(expressed in U.S. dollars)

The construction equipment amortization charge is expensed until completion of a feasibility study in accordance with the Shareholders' Agreement governing the Joint Venture (see note 5 and thereafter capitalized to construction-in-progress).

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable in accordance with CICA Handbook Section 3063, "Impairment of Long-lived Assets." Under that standard, an impairment loss is recognized when the carrying amount of an asset exceeds the projected undiscounted future net cash flows expected from its use and disposal. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value, which is determined by discounted cash flows when quoted market prices are not available. Future amortization will be charged based on the post-impairment carrying value.

Stock option plans

The fair value of stock options granted is recognized as compensation expense on a straight-line basis over the applicable stock option vesting period and included in general and administrative expenses in the consolidated statements of operations and as contributed surplus within capital stock on the consolidated balance sheets. The consideration received on the exercise of stock options is credited to share capital at the time of exercise.

4 Property, plant and equipment

			2007
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Motor vehicles (i)	-	-	-
Construction equipment (i)	-	-	-
Equipment (ii)	267,768	170,398	97,370
Leasehold improvement	1,196,902	430,012	766,890
Construction-in-progress (i)	-	-	-
	1,464,670	600,410	864,260

i) These assets were deconsolidated upon formation of the Joint Venture - see note 5.

ii) A portion of these assets were deconsolidated upon formation of the Joint Venture - see note 5.