Global Alumina Corporation

Consolidated Financial Statements
December 31, 2009 and 2008
(expressed in US 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 4 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 consolidated financial statements. As well, they make an assessment of the accounting principles used and significant estimates made by management and they evaluate the overall consolidated 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 consolidated 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
Co-Chairman and Chief Executive Officer

(Signed) MICHAEL J. CELLA
Chief Financial Officer

January 26, 2011

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

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, 2009 and 2008 and the consolidated statements of operations and comprehensive income (loss), retained earnings 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, 2009 and 2008 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

Mississauga, Ontario, Canada

March 30, 2010, except as to notes 2 and 15 which are as at January 26, 2011

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

Global Alumina Corporation

Consolidated Balance Sheets

As at December 31, 2009 and 2008

(expressed in US dollars)

	2009 $ (restated – see note 2)	2008 $ (restated – see note 2)
Assets		
Current assets		
Cash and cash equivalents	12,573,186	13,534,639
Restricted cash (note 6)	51,090,621	67,594,452
Prepaid expenses	658,511	997,712
Due from affiliates and other assets	35,824	132,829
	64,358,142	82,259,632
Investment in Guinea Alumina (note 6)	194,076,219	191,903,626
Property, plant and equipment (note 5)	362,303	582,793
	258,796,664	274,746,051
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	689,359	883,958
Shareholders' Equity		
Capital stock and other equity (note 7)	214,260,780	231,438,774
Contributed surplus (note 7)	17,220,484	8,381,033
Shares for cancellation	-	(990,504)
Retained earnings	26,626,041	35,032,790
	258,107,305	273,862,093
	258,796,664	274,746,051

Commitments (note 10)

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

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

Global Alumina Corporation

Consolidated Statements of Operations and Comprehensive Income (Loss)

(expressed in US dollars)

	Years ended December 31,		Cumulative period from July 31, 1999 (date of incorporation) to December 31,
	2009 $	2008 $ (restated – see note 2)	2009 $ (restated – see note 2)
Other income			
Dilution gain	-	75,555,554	118,158,434
Interest	689,987	2,354,307	9,222,228
Other	283,079	257,686	1,896,103
	973,066	78,167,547	129,276,765
Expenses			
Engineering	-	-	15,042,729
Professional fees	825,878	1,797,015	31,481,114
General and administrative	4,839,374	4,285,274	43,783,589
Amortization	220,489	281,467	6,294,355
	5,885,741	6,363,756	96,601,787
Share of net loss in Guinea Alumina (note 6)	(3,494,074)	(2,658,608)	(5,146,664)
Net income (loss) and comprehensive income (loss) for the period	(8,406,749)	69,145,183	27,528,314
Basic income (loss) per share (note 9)	(0.04)	0.34	0.13
Diluted income (loss) per share (note 9)	(0.04)	0.33	0.13

The accompanying notes are an integral part of these consolidated financial statements.

Global Alumina Corporation

Consolidated Statements of Retained Earnings

For the years ended December 31, 2009 and 2008

(expressed in US dollars)

	2009 **$** (restated – see note 2)	**2008** **$** (restated – see note 2)
Retained earnings - Beginning of year as previously reported	48,944,101	11,331,225
Prior period correction (note 2)	(13,911,311)	(45,443,618)
Retained earnings - Beginning of year as restated	35,032,790	(34,112,393)
Net income (loss) and comprehensive income (loss) for the year	(8,406,749)	69,145,183
Retained earnings - End of year	26,626,041	35,032,790

The accompanying notes are an integral part of these consolidated financial statements.

Global Alumina Corporation

Consolidated Statements of Cash Flows

(expressed in US dollars)

	Years ended December 31,		Cumulative period from July 31, 1999 (date of incorporation) to December 31,
	2009 $	2008 $ (restated – see note 2)	2009 $ (restated – see note 2)
Cash provided by (used in)			
Operating activities			
Net income (loss) for the year	(8,406,749)	69,145,183	27,528,314
Stock options/common stock issued for services (note 7)	1,050,877	671,046	3,985,321
Dilution gain	-	(75,555,554)	(118,158,434)
Amortization	220,489	281,467	6,294,355
Share of net loss in equity investment	3,494,074	2,658,608	5,146,664
	(3,641,309)	(2,799,250)	(75,203,780)
Changes in non-cash items relating to operating activities			
Prepaid expenses	339,201	347,929	(10,105,383)
Accounts payable and accrued liabilities	(194,599)	48,916	31,749,184
Due from affiliates and other assets	97,005	55,277	(127,763)
	(3,399,702)	(2,347,128)	(53,687,742)
Investing activities			
Acquisition of Aluminpro	-	-	(576,684)
Additions to property, plant and equipment	-	-	(12,861,283)
Additions to construction-in-progress	-	-	(237,483,899)
Cash flows relating to the deconsolidation and investment in Guinea Alumina (note 6)	(5,666,666)	(20,277,780)	141,151,846
Restricted cash	16,503,831	18,454,581	(51,090,621)
Payments to affiliates	-	-	(71,099)
	10,837,165	(1,823,199)	(160,931,740)
Financing activities			
Proceeds from issuances of common shares	-	2,685,750	240,580,587
Payments for share cancellations	(8,398,916)	(5,184,727)	(13,583,643)
Deferred offering expenses	-	-	(4,827)
Collection of stock subscription receivable	-	-	4,000
Proceeds from affiliates	-	-	196,551
	(8,398,916)	(2,498,977)	227,192,668
Net increase (decrease) in cash and cash equivalents during the year	(961,453)	(6,669,304)	12,573,186
Cash and cash equivalents – Beginning of year	13,534,639	20,203,943	-
Cash and cash equivalents – End of year	12,573,186	13,534,639	12,573,186

The accompanying notes are an integral part of these consolidated financial statements.

(expressed in US dollars)

1 Nature of operations

Global Alumina Corporation's ("Global Alumina" or the "Company") business is the development of an alumina refinery (the "Project") 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 Guinea Alumina's 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 6, "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 Prior period correction of dilution gain and future instalments receivable

Effective May 17, 2007, Global Alumina, Global Alumina International, Ltd. ("GAI"), and Guinea Alumina Corporation, Ltd. ("Guinea Alumina"), The Broken Hill Proprietary Company Pty Limited ("BHP Billiton"), Dubai Aluminium Company Limited ("DUBAL") and Mubadala Development Company PJSC ("Mubadala") completed the transaction contemplated by a share subscription agreement and related agreements forming a joint venture (the "Joint Venture") to develop and operate the alumina refinery Project in the Republic of Guinea, near Sangarédi. Concurrently with the subscription agreement, the Company recognized a dilution gain in the amount of approximately $151.5 million of which $63.4 million was deferred to future periods to be recognized upon receipt of corresponding future instalments receivable. The Company subsequently determined due to the contingent nature of the future instalments receivable, initial recognition of the deferred gain was not appropriate, rather should be recognized when the milestones objectives related to the future instalments had been met to the satisfaction of the Joint Venture parties.

During 2007, the Company received the initial subscription proceeds of $151.1 million, and the first and second instalments totalling $75.6 million during 2008. The third instalment in the amount of $33.3 million is due upon the debt financing for the Project being committed. Upon a further review of the terms of the subscription agreement, the Company has determined that the dilution gain recognized since the initial transaction date should be eliminated to reflect substantive achievement of milestones related to each of the first and second instalment proceeds receivable. This has resulted in the reallocation of the dilution gain recognized during the year ended December 31, 2008, when the first and second milestone objectives had been satisfied. The Company has further determined that the third instalment receivable in the amount of $33.3 million, together with the related dilution gain of $19.4 million, should not have been recognized in prior periods; rather, the dilution gain should be recognized in the period in which the third instalment becomes due and receivable upon meeting the specified milestone.

(expressed in US dollars)

As a result of the foregoing, the Company has recorded the following corrections:

As at and for the year ended December 31, 2009:

a) Deferred dilution gain has been decreased by $19.4 million and eliminated

b) Future instalment receivable, included as part of investment in and advances to Guinea Alumina, has been reduced by $33.3 million

c) Retained earnings has been reduced by $13.9 million

As at and for the year ended December 31, 2008:

a) Deferred dilution gain has been decreased by $19.4 million and eliminated

b) Future instalment receivable, included as part of investment in and advances to Guinea Alumina, has been reduced by $33.3 million

c) Retained earnings at December 31, 2008 has been reduced by $13.9 million, net of decrease to opening retained earnings at January 1, 2008 of $45.4 million

d) Dilution gain recognized in income during the fiscal year ended December 31, 2008 has been increased by $31.5 million

The balances as originally reported and as restated have been presented in the following table:

	As at and for the year ended December 31, 2009			As at and for the year ended December 31, 2008		
	As reported $	**Adjustments $**	**As restated $**	**As reported $**	**Adjustments $**	**As restated $**
Investment in and advances to Guinea Alumina	227,409,552	(33,333,333)	194,076,219	225,236,959	(33,333,333)	191,903,626
Deferred dilution gain	(19,422,022)	19,422,022	-	(19,422,022)	19,422,022	-
Retained earnings – closing	(40,537,352)	13,911,311	(26,626,041)	(48,944,101)	13,911,311	(35,032,790)
Retained earnings – opening	(48,944,101)	13,911,311	(35,032,790)	11,331,225	(45,443,618)	(34,112,393)
Dilution gain recognized in income	-		-	44,023,247	31,532,307	75,555,554
Net income and comprehensive income for the period	-		-	37,612,876	31,532,307	69,145,183
Basic income per share	-		-	0.18	0.16	0.34
Diluted income per share	-		-	0.18	0.15	0.33

(expressed in US dollars)

3 Adoption of new accounting standards

Changes in accounting policies

On January 1, 2009 the Company adopted The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, "Goodwill and Intangible Assets", which replaced CICA Handbook Section 3062, "Goodwill and Other Intangible Assets" as well as CICA Handbook Section 3450, "Research and Development". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Adoption of this new standard did not have a material impact on the Company's financial statements and disclosures.

During 2009, the CICA amended Handbook Section 3862 "Financial Instruments – Disclosures" to require enhanced disclosures about the relative reliability of the data that an entity uses to measure the fair values of its financial instruments. Additional disclosures as required by this amendment include the classification of financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs uses in estimating fair values – see note 11, Financial instruments.

The Emerging Issues Committee ("EIC") issued a new abstract on January 20, 2009, concerning the measurement of financial assets and financial liabilities ("EIC-173 – Credit Risk and the Fair Value of Financial Assets and Financial Liabilities"). The Abstract was issued to consider the diversity in practice as to whether an entity's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial instruments.

The implementation of the above standards did not have a significant impact on the Company's results of operations, financial position and disclosures.

Future accounting changes

CICA Sections 1582, 1601, 1602 Business Combinations, Consolidations, and Non-Controlling Interests

In January 2009, the Accounting Standards Board ("AcSB") issued the following Handbook sections: 1582 – Business Combinations, 1601 – Consolidations, and 1602 – Non-Controlling Interests. These new Sections will be applicable to financial statements relating to the Company's interim and fiscal year end beginning on or after January 1, 2011. Early adoption is permitted. The Company does not expect that there will be any material impact upon its adoption of these new sections on its consolidated financial statements.

(expressed in US dollars)

IFRS convergence

In February 2008, the CICA announced that Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011, for which the current and comparative information will be prepared under IFRS.

The Company commenced its IFRS conversion project in 2008. The Company's IFRS project consists of three phases – scoping, evaluation and design, and implementation and review. The Company has completed the scoping phase of the project, which consisted of project initiation and awareness, identification of high-level differences between Canadian GAAP and IFRS and project planning and resourcing. The Company has prepared a preliminary Comparison of financial statement areas that will be impacted by the conversion.

A detailed assessment of the impact of adopting IFRS on the Company's consolidated financial statements, accounting policies, information technology and data systems, internal controls over financial reporting, disclosure controls and procedures, and the various covenants and capital requirements and business activities has not been completed. The impact on such elements will depend on the particular circumstances prevailing at the adoption date and the IFRS accounting policy choices made by the Company. The Company has not completed its quantification of the effects of adopting IFRS. The financial performance and financial position as disclosed in the Company's GAAP consolidated financial statements may be significantly different when presented in accordance with IFRS.

4 Basis of presentation and summary of significant accounting policies

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with Canadian GAAP. 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. ("Aluminpro"), 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. All references to the Joint Venture after September 30, 2007 are intended to reflect the Company's equity interest in Guinea Alumina on the basis of a significant influence over its affairs pursuant to the Shareholders' Agreement (see note 6, Formation of joint venture).

(expressed in US dollars)

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 investment. Such reduction would be recorded in the consolidated statements of operations.

Use of estimates

The preparation of financial statements in accordance with Canadian GAAP 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 year. Actual results could differ from those estimates. The most significant estimates impacting the Company relate to determination of other than temporary impairments, asset impairments, income taxes and accounting for stock-based compensation.

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

(expressed in US dollars)

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 (loss) 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 anti-dilutive.

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 process; the future market has been clearly defined; and adequate resources exist, or are expected to be available, to complete the Project.

Property, plant and equipment

Property, plant and equipment are comprised of leasehold improvements and equipment and are recorded at carrying values less amortization. Leasehold improvements are amortized on a straight-line basis over the life of the related lease. The other capital assets were amortized on a straight-line basis over their estimated useful lives, as follows:

Equipment	30%

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 the CICA 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.

(expressed in US dollars)

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.

5 Property, plant and equipment

			2009
	Cost $	**Accumulated amortization** $	**Net** $
Equipment	267,768	267,768	-
Leasehold improvements	1,196,902	834,599	362,303
	1,464,670	1,102,367	362,303

			2008
	Cost $	**Accumulated amortization** $	**Net** $
Equipment	267,768	249,572	18,196
Leasehold improvements	1,196,902	632,305	564,597
	1,464,670	881,877	582,793

(expressed in US dollars)

6 Formation of joint venture

The Company is directing substantially all of its efforts through the Joint Venture. The Company accounts for its investment in the Joint Venture using the equity method as it has significant influence, rather than joint control, over the Project.

The Company's one-third interest in Guinea Alumina, as adjusted for the Company's accounting policies, is summarized as follows:

	100% $	**One-third interest** $
Cash	2,488,675	829,558
Other current assets	1,020,515	340,172
Construction-in-progress	582,587,394	194,195,803
Other prepayments	7,000,000	2,333,333
Other property, plant and equipment	5,578,376	1,859,459
Current liabilities	(16,446,317)	(5,482,106)
Net assets	582,228,643	194,076,219
Revenues	77,884	25,961
Costs and expenses	(10,560,105)	(3,520,035)
Net loss	(10,482,221)	(3,494,074)

The Company's investment in Guinea Alumina at December 31, 2009 totals $194,076,219 (2008 - $191,903,626) and is comprised of proceeds receivable in future instalments amounting to $Nil (2008 - $Nil) and net investment of $194,076,219 (2008 - $158,570,292).

In April 2009, the shareholders of Guinea Alumina deemed that title to the Project's mining concession had been transferred from the Company to Guinea Alumina S.A. As such, under terms of a Deed of Acknowledgement and Release dated December 30, 2008, $11,333,333 representing 15% of the first and second deferred subscription payments, was released from the escrow account and became freely available for general corporate purposes.

(expressed in US dollars)

Movements in restricted cash balances are detailed below:

	Interest earned $	**Joint venture capital contributions** $	**Escrow deposits** $	**Escrow withdrawals** $	**Restricted escrow account balance** $
As at January 1, 2008					86,049,033
Activity in 2008 – Interest	1,823,199	-	-	-	1,823,199
Activity in 2008 – (contributions) and receipts	-	(62,500,000)	42,222,220	-	(20,277,780)
As at December 31, 2008					67,594,452
Activity in 2009 – Interest	496,169	-	-	-	496,169
Activity in 2009 – (contributions) receipts and (withdrawals)	-	(39,000,000)	33,333,333	(11,333,333)	(17,000,000)
As at December 31, 2009					51,090,621

During the year, the Company considered whether its investment in Guinea Alumina had suffered an other than temporary decline in its value. To determine the fair value of its investment, the Company used Level 3 assumptions to develop a discounted cash flow model, by estimating the Company's pro rata cash flow projections to be generated from its investment in Guinea Alumina. This assessment required the Company to make significant assumptions that included estimated market demand and selling prices for Guinea Alumina's products, future estimated foreign-exchange prices, as well as projected capital and operating cost estimates. Future changes in assumptions or market conditions may negatively affect the future estimate of these cash flows. In future estimates of fair value, adverse changes in the discounted cash-flow assumptions could result in an other than temporary impairment of the Company's investment in Guinea Alumina that would require a non-cash charge to the consolidated statement of operations and comprehensive income and may have a material effect on the Company's consolidated financial statements.

The Company's management considers the following to be the most significant assumptions included in the fair value estimate: (i) weighted average cost of capital ("WACC") used to discount future cash flows, (ii) metals prices underlying projected cash flows and (iii) capital expenditures included in projected cash flows. The fair value estimate is highly sensitive to changes in these assumptions as illustrated below.

WACC – An increase of approximately one-half of a percent would result in a decrease in fair value of the investment of $156 million.

Metal prices – A decrease of 5 percent in metal prices would result in a decrease in fair value of the investment of $228 million.

(expressed in US dollars)

Capital expenditures – An increase in capital expenditures of 5 percent would result in a decrease in fair value of the investment of $70 million.

There can be no assurance that this estimate will be realized. Subsequent adjustments, which could be material, may be required in future reporting periods.

7 Capital stock and other equity

a) Share capital

Common shares, no par value, authorized unlimited number of shares, issued and outstanding 183,331,495 and 198,028,144 shares as at December 31, 2009 and 2008, respectively.

	Number of common shares	Amount $	Number of warrants	Amount $	Total $
Balance – January 1, 2008	203,857,644	238,698,836	2,685,750	-	238,698,836
Warrants exercised	2,685,750	2,685,750	(2,685,750)	-	2,685,750
Share repurchases	(8,515,250)	(9,945,812)	-	-	(9,945,812)
Balance – December 31, 2008	198,028,144	231,438,774	-	-	231,438,774
Share repurchases	(14,696,649)	(17,177,994)	-	-	(17,177,994)
Balance – December 31, 2009	183,331,495	214,260,780	-	-	214,260,780

b) During the year ended December 31, 2009, the Company cancelled 14,696,649 common shares. The total cost of the shares cancelled during the period amounted to $17,177,994, and was allocated to share capital in an amount equal to the assigned value of the shares. The excess of the assigned value over cost was credited to contributed surplus.

As at December 31, 2009, there were no share purchase warrants outstanding.

Stock options

The Company has a stock option plan (the “Plan”), which provides employees, directors, officers and consultants of the Company with the opportunity to acquire common shares of the Company through the exercise of options. Ten million common shares have been reserved for issuance under the Plan. Stock options granted under the Plan are limited to a maximum term of ten years. During 2009, a total of 1,662,500 (2008 – 5,267,500) options were granted and 985,000 (2008 – 10,000) options expired or were forfeited.

(expressed in US dollars)

Stock-based compensation

The Company accounts for stock options granted under its Plan using the fair value based method of accounting. Using the Black-Scholes option pricing model, the weighted average fair value of stock options granted during the year ended December 31, 2009 was estimated to be $400,773 (2008 - $1,880,978). Expenses totalling $1,050,877 and $671,046 have been recognized for the years ended December 31, 2009 and 2008, respectively. No stock options have been exercised as of December 31, 2009 and the unvested, unamortized fair value of stock options granted amounts to $806,322 (2008 - $1,456,427).

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions. Such models require the use of subjective assumptions, including expected share price volatility. The principal assumptions used in applying the Black-Scholes option pricing model for the awards for 2009 and 2008 were as follows:

	2009	2008
Risk-free interest rate	2.4%	3.55%
Dividend yield	n/a	n/a
Volatility factor	72%	62%
Expected life	5 years	5 years

A summary of the status of the Company's Plan is as follows:

	Number of stock options	Weighted average exercise price $
Outstanding – December 31, 2007	4,002,500	1.46
Granted	5,267,500	0.67
Forfeited	(10,000)	1.00
Outstanding – December 31, 2008	9,260,000	1.01
Granted	1,662,500	0.42
Expired	(985,000)	1.50
Outstanding – December 31, 2009	9,937,500	0.86
Exercisable – December 31, 2009	4,763,333	1.16

(expressed in US dollars)

	2009			2009		
	Options outstanding			Options exercisable		
Range of exercise prices $	**Number outstanding as at December 31, 2009**	**Weighted average remaining contractual life**	**Weighted average exercise price $**	**Number outstanding as at December 31, 2009**	**Weighted average remaining contractual life**	**Weighted average exercise price $**
2.50	750,000	0.2 years	2.50	750,000	0.2 years	2.50
1.40	482,500	0.6 years	1.40	482,500	0.6 years	1.40
1.75	45,000	1.2 years	1.75	45,000	1.2 years	1.75
1.00	1,730,000	1.9 years	1.00	1,730,000	1.9 years	1.00
1.42	1,360,000	3.2 years	1.42	453,333	3.2 years	1.42
0.41	3,907,500	4.0 years	0.41	1,302,500	4.0 years	0.41
0.42	1,662,500	4.7 years	0.42	-	-	-
	9,937,500		0.86			

	2008			2008		
	Options outstanding			Options exercisable		
Range of exercise prices $	**Number outstanding as at December 31, 2008**	**Weighted average remaining contractual life**	**Weighted average exercise price $**	**Number outstanding as at December 31, 2008**	**Weighted average remaining contractual life**	**Weighted average exercise price $**
1.50	960,000	0.4 years	1.50	960,000	0.4 years	1.50
1.52	25,000	0.7 years	1.52	25,000	0.7 years	1.52
2.50	750,000	1.2 years	2.50	750,000	1.2 years	2.50
1.40	482,500	1.6 years	1.40	482,500	1.6 years	1.40
1.75	45,000	2.2 years	1.75	30,000	2.2 years	1.75
1.00	1,730,000	2.9 years	1.00	1,153,333	2.9 years	1.00
1.42	1,360,000	4.2 years	1.42	-	-	-
0.41	3,907,500	5.0 years	0.41	-	-	-
	9,260,000		1.01			

(expressed in US dollars)

Contributed surplus

	2009 $	2008 $
Balance – Beginning of year	8,381,033	1,963,400
Stock compensation expense	1,050,877	671,046
Repurchase of common shares below paid-up capital	7,788,574	5,746,587
	17,220,484	8,381,033

8 Income taxes

The Company's income tax provision (recovery) has been calculated as follows:

	2009 $	2008 $
Income (loss) for the year	(8,406,749)	69,145,183
Income tax (recovery) provision at combined Canadian federal and provincial statutory rates	(2,188,216)	22,472,185
Current year losses not recognized	1,222,926	1,131,682
Permanent differences	331,026	(24,329,465)
Decrease (increase) in valuation allowance	634,264	725,598
Provision for (recovery of) income taxes	-	-

The following summarizes the principal temporary differences and the related future income tax effect:

	2009 $	2008 $
Non-capital losses carried forward	4,272,000	3,756,000
Reorganization and other costs	58,000	309,000
Foreign currency gains	-	(2,471,000)
Net future income tax asset	4,330,000	1,594,000
Valuation allowance	(4,330,000)	(1,594,000)
Net future income tax asset recorded	-	-

(expressed in US dollars)

As at December 31, 2009, the Company has Canadian non-capital losses that expire as follows:

Year of expiry	**$**
2014	1,101,000
2015	4,466,000
2026	2,246,000
2027	4,482,000
2028	1,783,000
2029	4,458,000

9 Income (loss) per share

The computations for basic and fully diluted income (loss) per common share are as follows:

	2009	**2008** (restated – see note 2)
Net income (loss) for the year	$(8,406,749)	$69,145,183
Weighted average number of common shares - basic	195,700,000	205,600,000
Weighted average number of common shares - diluted	201,300,000	209,900,000
Net income (loss) per common share - basic	$(0.04)	$0.34
Net income (loss) per common share - diluted	$(0.04)	$0.33

10 Commitments

The Company has an operating lease arrangement for its leased premises. For the year ended December 31, 2009, the total cost under this operating lease was $760,492 (2008 - $686,947). The Company's commitments for the operating lease for the next five years are as follows:

	$
2010	743,658
2011	559,497
2012	-
2013	-
2014	-
Total	1,303,155

The commitment amounts have not been reduced by the sublease income earned by the Company, as disclosed in note 14, Related party transactions.

From time to time, the Company enters into employment contracts with its senior executives that reflect standard commercial terms, including employment guarantees, in the alumina industry.

(expressed in US dollars)

11 Segmented information

The Company considers that it operates only in one reportable industry segment, namely, the design, finance, construction and operation of an alumina refinery, and associated infrastructure improvements situated in Guinea.

12 Financial instruments

Fair value of financial instruments

The Company's financial instruments include cash, amounts due from affiliates, other assets and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values.

The fair value hierarchy establishes three levels to classify inputs to the valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices). Level 3 inputs are unobservable (supported by little or no market activity). The fair values of accounts receivable, accounts payable and accrued liabilities approximate carrying values because of the short term nature of these instruments. The fair value of cash equivalents are classified within Level 1.

Risk management disclosures

The Company is exposed to risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to these risks. The principal financial risks, to which the Company is exposed, are described below.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

Management believes that its existing cash resources and future instalments receivable from the Joint Venture partners will be adequate to support these financial liabilities as well as the current accounts payable of $689,359 (2008 - $883,958) as at December 31, 2009.

(expressed in US dollars)

Foreign currency risk

The Company is exposed to foreign currency translation risk due to cash and accounts payable denominated in Canadian dollars. As at December 31, 2009, assets, consisting principally of cash denominated in Canadian dollars, totalled $5,323 (2008 - $2,501). The Company does not enter into arrangements to hedge its foreign currency risk.

Interest rate exposure

The Company does not have significant exposure to interest rate fluctuations.

Derivative financial instruments

The Company does not have any exposure to derivative financial instruments.

13 Capital risk management

The Company manages its capital to ensure that there are adequate capital resources for the purpose of meeting its obligations under the Joint Venture. The capital structure of the Company consists of capital stock. The basis for the Company's capital structure is dependent on the Company's share of the expected commitments with respect to the construction of the alumina refinery Project.

14 Related party transactions

During the year ended December 31, 2009, the Company had the following related party transactions:

On October 9, 2006, the Board of Directors approved, and the Company entered into, a written consulting contract (the "Karalco Agreement") with Karalco Resources Ltd. ("Karalco"), a corporation controlled by Karim Karjian, Co-Chairman and a shareholder of the Company. The Karalco Agreement provided for Mr. Karjian's professional services regarding Project development activities. The Company and Karalco agreed that the Karalco Agreement was retroactively effective from January 1, 2006. Under the Karalco Agreement, Karalco was entitled to a $60,000 monthly retainer and reimbursement of certain expenses stipulated thereunder. Bonuses were allowable under the Karalco Agreement based on the status of the Project and the level of activity required of Karalco on behalf of the Company. Karalco was also eligible to participate in the Company's stock option plan. On December 18, 2009, the Company and Karalco agreed to terminate with effect on December 31, 2009 the Karalco Agreement and to release each party of any further liability thereunder upon the coincident termination payment of $1,440,000, the minimum termination payment under the Karalco Agreement. Total monthly retainer payments for the year ended December 31, 2009 were $720,000 (2008 - $720,000). In addition, the Company paid to Karalco in 2009 an annual bonus of $15,000 (2008 - $15,000). Since February 1, 2006, Karalco was reimbursed an amount for partial office expenses. The cost of such office expenses for the year ended December 31, 2009 was approximately $61,500 (2008 - $63,600).

(expressed in US dollars)

During the year ended December 31, 2009, the Company was reimbursed by Guinea Alumina $360,000 (2008 - $720,000) for retainer payments pursuant to the Karalco Agreement. The Company and Guinea Alumina agreed to terminate as of June 30, 2009 all obligations of Guinea Alumina to reimburse the Company for payments made under the Karalco Agreement. On December 22, 2009, Guinea Alumina reimbursed the Company $720,000 representing 50% of the termination payment paid by the Company to Karalco.

The Company subsequently entered into separate agreements effective January 1, 2010 with Karim Karjian for the provision of executive services (the "Karjian Agreement") and BusinessCom Europe Limited, a United Kingdom company controlled by Karim Karjian, for the use of office space and provision of secretarial and administrative support services located in London (the "BusinessCom Agreement"). Compensation under the Karjian Agreement is €27,000 per month for services plus €1,850 per month in consideration of office space used in Paris. Compensation under the BusinessCom Agreement is £12,000 per month. Both Agreements may be terminated without further compensation by either party upon 30 days' prior notice. Mr. Karjian remains eligible to participate in the Company's stock option plan and to receive other compensation as the Board of Directors and the Company may determine from time to time.

Per terms of the Shareholders' Agreement (see note 6, Formation of joint venture), the Company charged the Joint Venture in 2009 $300,000 (2008 - $345,000) related to the salary costs of certain individuals that are billed back at cost.

On October 9, 2006, the Board of Directors approved, and the Company entered into, a written consulting contract (the "Herakles Agreement") with Herakles Capital Corp. ("Herakles"), one of its shareholders. Herakles is controlled by Bruce Wrobel, Co-Chairman, Chief Executive Officer and a shareholder of the Company. The Herakles Agreement covers Mr. Wrobel's services as the Co-Chairman and Chief Executive Officer of the Company. The Company and Herakles agreed that the Herakles Agreement is retroactively effective from January 1, 2006. Under the Herakles Agreement, amended effective January 1, 2007, Herakles is paid $250,000 per annum for Mr. Wrobel's services. Herakles is also eligible to participate under the Company's stock option plan. In the event that the Company terminates the Herakles Agreement without cause (as defined under the Herakles Agreement), Herakles would be entitled to a minimum payment of $500,000.

The cost attributable to the Herakles Agreement for the year ended December 31, 2009 totalled approximately $250,000 (2008 - $250,000). In addition, the Company paid Herakles an annual bonus in 2009 totalling $15,000 (2008 – a $15,000).

Mr. Wrobel is also the Chief Executive Officer of Sithe Global Power, LLP ("Sithe Global"). Since December 2005, the Company has shared office space with Sithe Global. Sithe Global reimburses the Company for its pro rata share of occupancy expenses. Occupancy costs charged to Sithe Global by the Company for the year ended December 31, 2009 totalled approximately $843,900 (2008 – $771,300).

Mr. Wrobel is a director of All for Africa, a non-profit organization involved in the design and coordination of economically sustainable projects in Africa. All for Africa partners with private sector investments being undertaken in Africa to more effectively use its funds in projects designed to create sustainable economic opportunities. In 2009, the Company made charitable donations totalling $12,000 to All for Africa (2008 - $25,000).

(expressed in US dollars)

On July 19, 2004, the Company entered into a consulting agreement with Bernard Cousineau with respect to his services as President of the Company. On April 25, 2007, Mr. Cousineau stepped down as President of the Company. Effective June 1, 2007, Mr. Cousineau's agreement was amended to reflect his services as Senior Operations Advisor and director of the Company as well as Vice-President and director of Aluminpro. Mr. Cousineau's consulting agreement provided a monthly retainer of $5,000 paid in equal portions by the Company and Aluminpro and an annual incentive payment of 10% of the profits realized by Aluminpro in such year. The agreement expired on June 30, 2008. Mr. Cousineau continues to receive a fee for his services as a director of the Company.

Aluminpro has provided technological support and engineering consulting in connection with the design, construction and operation of the alumina refinery project pursuant to a services agreement with Guinea Alumina dated May 17, 2007. Fees received by Aluminpro relating to such consulting services for the year ended December 31, 2009 totalled approximately $46,000 (2008 - $48,900).

Mr. Ahmed Fikree, a director of the Company, is the Director, Commercial and Corporate Development, for DUBAL. DUBAL and the Company are parties to a subscription agreement dated August 10, 2005, and an off-take agreement dated September 30, 2005 with respect to the anticipated alumina production from the Project. DUBAL and the Company were also parties to the Shareholders’ Agreement. In 2008, DUBAL and the Company agreed to share the cost of a study by independent consultants. The Company paid the entire cost. DUBAL reimbursed the Company in 2008 for 50% ($33,650) of the total cost of the work.

An employee of the Company performs certain services and incurs certain expenses for SEACOM Ltd., a company in which certain of the Company’s officers are shareholders. Additionally, a former employee who left the Company during 2007 incurred certain expenses for SEACOM; this arrangement terminated in February 2008. Total expenses charged to SEACOM by the Company for the year ended December 31, 2009 totalled approximately $111,200 (2008 – $39,000).

Amounts due from affiliates represent short-term, unsecured, non-interest bearing advances, which are due on demand.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

(expressed in US dollars)

15 Subsequent events

On April 23, 2010, the Company approved a one year loan to Mr. Wrobel in the amount of $500,000 on commercial terms (the "Wrobel Loan"). Mr. Wrobel has agreed that any amounts received pursuant to the termination provisions of the Herakles Agreement will first be applied against amounts outstanding on the Wrobel Loan.

On April 23, 2010, the Company approved a one year loan to Michael Cella, Senior Vice President, Chief Financial Officer, Secretary and a director of the Company, in the amount of $250,000 on commercial terms (the "Cella Loan"). Mr. Cella has agreed that any amounts received pursuant to the termination provisions of his employment agreement with the Company will first be applied against amounts outstanding on the Cella Loan.