

AFRICO RESOURCES LTD.

Interim Consolidated Financial Statements
(Stated in US Dollars)

Third Quarter ended September 30, 2009

NOTICE TO READER

The attached financial statements have been prepared by the management of Africo Resources Ltd. and have not been reviewed by the auditors of Africo Resources Ltd.

AFRICO RESOURCES LTD.

Consolidated Balance Sheets
(Stated in US Dollars)

	September 30, 2009	December 31, 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 22,649,771	\$ 52,876,823
Short term investments	58,186,806	24,731,839
Accounts receivable and prepayments	175,465	296,658
Total Current Assets	81,012,042	77,905,320
Other assets	-	15,577
Mineral properties (note 4)	56,002,007	52,071,128
Total Assets	\$ 137,014,049	\$ 129,992,025
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 113,945	\$ 1,864,192
Total current liabilities	113,945	1,864,192
Asset Retirement Obligation	210,876	210,876
Future income tax liability	11,192,237	10,949,034
Total Liabilities	11,517,058	13,024,102
Shareholders' equity		
Common Shares (note 5)	133,042,257	133,042,257
Contributed Surplus (note 5)	5,535,732	5,331,673
Warrants	11,525,231	11,525,231
Deficit	(19,095,368)	(16,385,972)
Accumulated other comprehensive loss	(5,510,861)	(16,545,266)
Total Shareholders' Equity	125,496,991	116,967,923
Total Liabilities and Shareholders' Equity	\$ 137,014,049	\$ 129,992,025

See accompanying notes to the interim consolidated financial statements

Approved by the Board of Directors:

"Matthew Fisher"

Matthew Fisher
Director

"Douglas Ryan"

Douglas Ryan
Director

AFRICO RESOURCES LTD.

Consolidated Statements of Operations, Comprehensive Loss and Deficit
Stated in US Dollars, Unaudited

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Expenses				
General and administrative costs	\$ 192,849	\$ 2,277,895	\$ 1,570,163	\$ 4,540,891
Professional fees	21,773	312,179	297,201	713,377
Stock based compensation	54,678	-	204,059	-
Stock exchange, filing, and transfer agents fees	10,932	47,061	64,050	91,093
Travel and accommodation	4,511	119,969	61,281	310,068
Loss before other items:	(284,743)	(2,757,104)	(2,196,754)	(5,655,429)
Foreign exchange (loss) / gain	(106,865)	(113,070)	(1,276,378)	(212,972)
Interest and other income	233,529	486,309	763,736	548,043
Loss for the period	(158,079)	(2,383,865)	(2,709,396)	(5,320,358)
Deficit, beginning of the period	(18,937,289)	(13,333,414)	(16,385,972)	(10,396,921)
Deficit, end of the period	\$ (19,095,368)	\$ (15,717,279)	\$ (19,095,368)	\$ (15,717,279)

Basic and diluted loss per common share	\$ -	\$ (0.04)	\$ (0.04)	\$ (0.14)
Weighted average number of shares outstanding	72,464,614	61,140,957	72,642,044	38,521,918

Comprehensive Income (Loss)				
Loss for the period before comprehensive income	\$ (158,079)	\$ (2,383,865)	(2,709,396)	\$ (5,320,358)
Unrealised gain/(loss) on available for sale investments	6,528,088	(4,650,400)	11,304,405	(4,650,400)
Comprehensive gain/(loss) for the period	\$ 6,370,009	\$ (7,034,265)	\$ 8,595,009	\$ (9,970,758)

Accumulated Other Comprehensive Income (Loss)				
Available for sale securities	\$ 6,528,088	\$ (4,650,400)	\$ 11,034,405	\$ (4,650,400)
Balance, beginning of period	(12,038,949)	-	(16,545,266)	-
Balance, end of period	\$ (5,510,861)	\$ (4,650,400)	\$ (5,510,861)	\$ (4,650,400)

AFRICO RESOURCES LTD.

Consolidated Statements of Cash Flows

Stated in US Dollars, Unaudited

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Operating Activities				
Net loss for the period	\$ (158,079)	\$ (2,383,865)	\$ (2,709,396)	\$ (5,320,358)
Adjustment for items which do not involve cash:				
Stock based compensation	54,678	-	204,059	-
	(103,401)	(2,383,865)	(2,505,337)	(5,320,358)
Changes in non-cash working capital components:				
Accounts receivable	36,623	(278,060)	121,194	(231,240)
Accounts payable and accrued liabilities	(181,979)	123,845	(1,750,248)	(175,843)
Cash used in operating activities	(248,757)	(2,538,080)	(4,134,391)	(5,727,441)
Investing Activities				
Other assets	-	-	15,577	-
Deferred mineral property costs	(276,124)	(501,799)	(3,687,676)	(2,253,896)
Short term investments	(14,710,159)	-	(33,454,967)	-
Cash used in investing activities	(14,986,283)	(501,799)	(37,127,066)	(2,253,896)
Financing Activities				
Common shares and warrants issued for cash	-	96,892,600	-	98,872,800
Share issuance costs	-	(197,500)	-	(197,500)
Cash provided by financing activities	-	96,695,100	-	98,675,300
Net decrease in cash during the period	(15,235,040)	93,655,221	(41,261,457)	90,693,963
Cash and cash equivalents, beginning of the period	31,356,723	2,555,037	52,876,823	5,516,295
Effect of exchange rate and mark to market changes	6,528,088	(4,650,400)	11,034,405	(4,650,400)
Cash and cash equivalents, end of the period	\$ 22,649,771	\$ 91,559,858	\$ 22,649,771	\$ 91,559,858

See accompanying notes to the interim consolidated financial statements

AFRICO RESOURCES LTD.

Notes to the Consolidated Financial Statements – for the three and nine months ended September 30, 2009 and 2008 (*Stated in US Dollars, Unaudited*).

1. NATURE OF OPERATIONS

Africo Resources Ltd. (“the Company” or “Africo”) is a mineral resource company engaged in exploring, acquiring and developing precious metal and base metal properties. These activities are conducted principally in the Democratic Republic of the Congo (“DRC”).

The recoverability of the cost of mineral properties and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, preservation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete its project, and future profitable production, or alternatively, upon the Company’s ability to dispose of its interests on a financially advantageous basis. Changes in future conditions could require a material reduction in the carrying amounts of mineral properties.

The mineral properties are also subject to title and sovereign risks, including political and economic instability, government regulations relating to mining, civil disorder, currency fluctuations and inflation, all or any of which may impede the Company’s activities or may result in the impairment or loss of part or all of the Company’s interest in the properties.

2. BASIS OF PRESENTATION AND CONSOLIDATION

The consolidated financial statements are prepared in accordance with generally accepted accounting principles accepted in Canada for interim reporting, but do not include all of the information required for annual financial statements and should be read in conjunction with the December 31, 2008 financial statements. These consolidated financial statements include the accounts of Africo Resources Ltd and its material wholly owned subsidiaries, Africo Resources (B.C.) Ltd., Africo Resources (DRC) s.p.r.l., Kisankala Mining Corp., H&J Swanepoel Family Trust s.p.r.l., and Swanmines s.p.r.l. All significant inter-company transactions are eliminated on consolidation.

The accounting policies followed by the Company are set out in Note 2 to the audited consolidated financial statements for the year ended December 31, 2008 and have been consistently followed in the preparation of these consolidated financial statements as compared to prior years except that the Company has adopted the following CICA guidelines:

Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants (“CICA”) issued CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 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 new Section became applicable to the Company’s consolidated financial statements for its fiscal year beginning January 1, 2009. Adoption of this section has not had a material impact on the interim consolidated financial statements.

AFRICO RESOURCES LTD.

Notes to the Consolidated Financial Statements – for the three and nine months ended September 30, 2009 and 2008 (*Stated in US Dollars, Unaudited*).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Business Combinations

In January 2009, the CICA issued Section 1582, *Business Combinations*, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. In addition, the CICA issued Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements, while section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

These statements apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted. The Company is currently evaluating the new sections to determine the potential impact on its consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC – 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. The guidance requires that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This guidance became applicable to fiscal periods ending on or after January 12, 2009. Adoption of this section has not had a material impact on the interim consolidated financial statements.

Mining Exploration Costs

In March 2009, the CICA issued EIC-174, *Mining Exploration Costs*. The EIC provides guidance on the accounting and the impairment review of exploration costs. This standard is effective for our fiscal year beginning January 1, 2009. The application of this EIC did not have an effect on the Company's financial statements.

3. RELATED PARTY TRANSACTIONS

Consulting fees relating to legal, financial, investor relations and other corporate matters, and salaries paid to Directors, former Directors, and organizations having common Directors totalled \$66,759 (2008 - \$1,434,999) in the three months, and \$563,387 (2008 - \$2,083,497) in the nine months ended September 30, 2009.

A subsidiary of the Company has appointed Oakton Global South Africa (Pty) Ltd, a company associated with a major shareholder, to provide administrative and technical consulting services for a fee of \$50,000 per month effective August 1, 2009. The amount of the fee was determined based on the commercial value of the services provided. The total amount paid to Oakton during the quarter amounted to \$100,000.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration agreed to by the related parties.

Other related party transactions are disclosed elsewhere in these financial statements.

AFRICO RESOURCES LTD.

Notes to the Consolidated Financial Statements – for the three and nine months ended September 30, 2009 and 2008 (*Stated in US Dollars, Unaudited*).

4. MINERAL PROPERTIES

For the period ended September 30, 2009	Kalukundi (Congo)	Mporokoso (Zambia)	Total
Balance beginning of period	\$ 51,817,582	\$ 253,546	\$ 52,071,128
Acquisition costs	1,600,000	-	1,600,000
Development expenditure	2,073,204	-	2,073,204
Exploration costs			
Consulting fees	-	14,472	14,472
Future income tax component	243,203	-	243,203
Total costs incurred during the period	3,916,407	14,472	3,930,879
Balance September 30, 2009	\$ 55,733,989	\$ 268,018	\$ 56,002,007

For the year ended December 31, 2008	Kalukundi (Congo)	Mporokoso (Zambia)	Total
Balance beginning of year	\$ 28,749,463	\$ 150,544	\$ 28,900,007
Acquisition costs	10,944,909	-	10,944,909
Development expenditure	5,022,146	-	5,022,146
Asset retirement obligation	8,316	-	8,316
Exploration costs			
Consulting fees	-	103,002	103,002
Future income tax component	7,092,748	-	7,092,748
Total costs incurred during the year	23,068,119	103,002	23,171,121
Balance December 31, 2008	\$ 51,817,582	\$ 253,546	\$ 52,071,128

Kalukundi

The Kalukundi Project, consists of a number of copper and cobalt deposits located within the Kolwezi District of Katanga Province in the south-east of the DRC. The Company has completed a feasibility study and front end engineering design work for an open pit mine and processing facility for the site.

Activity on the Kalukundi project was reduced to care and maintenance during this year as a result of the global economic conditions and in view of the additional debt and equity that would be required to be raised by the Company to implement the development contemplated in the feasibility study.

On January 13, 2009, a subsidiary of the Company concluded an agreement with La Générale des Carrières et des Mines ("Gécamines") and the Government of the Democratic Republic of Congo on the amended terms governing the Kalukundi property. Pursuant to the amendment agreement, Africo is required to pay Gécamines US\$1.6 million per year for a four year period as an entry premium. The first payment of \$1.6 million has been included in mineral property costs in the period. Future payments will be recorded in mineral properties when incurred.

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4. MINERAL PROPERTIES (*continued*)

An additional payment will be required on the basis of U\$35 per ton Copper on reserves exceeding 180,000 tons when these reserves are booked.

5. EQUITY

Common Shares

Authorised:

Unlimited common shares without par value

<u>Issued:</u>	<u>Number of Shares</u>	<u>Amount (USD)</u>
Balance, December 31, 2008	72,615,172	\$ 133,042,257
Shares issued under the plan of arrangement	31,442	-
Balance, September 30, 2009	<u>72,646,614</u>	<u>\$ 133,042,257</u>

Under the plan of arrangement completed during 2006, the Company has reserved shares for issuance to option and warrant holders of Rubicon Minerals Corporation for no further consideration. At the quarter end, 197,523 shares remain to be issued under the plan.

As a result of the Subscription Agreement signed with Camrose in 2008, the Company had agreed to acquire a 75% interest in the Mashitu property from an affiliate of Camrose. The Company entered into an agreement with Camrose in June 2009 to cancel its obligation to acquire the 75% share of the Mashitu property and the Company has no further obligation in this regard.

Contributed Surplus

	<u>Amount (USD)</u>
Balance, December 31, 2008	\$ 5,331,673
Options vested under stock based compensation plan at fair value	204,059
Balance, September 30, 2009	<u>\$ 5,535,732</u>

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Notes to the Consolidated Financial Statements – for the three and nine months ended September 30, 2009 and 2008 (*Stated in US Dollars, Unaudited*).

5. EQUITY (*continued*)

Options outstanding

A summary of changes to incentive stock options issued are as follows:

Options	Number of shares	Weighted- average exercise price
Outstanding and exercisable December 31, 2008	4,375,000	C\$ 2.00
Period ended September 30, 2009		
Cancelled and expired	(2,670,000)	C\$ 2.16
Outstanding and exercisable at end of period	<u>1,705,000</u>	<u>C\$ 1.74</u>

In August 2008, the Company granted 400,000 stock options, at an exercise price of CAD\$2.50 per share, to an officer. These options vest fully on the termination of the officer's employment with the Company and stock based compensation expense of \$204,059 has been recorded in operations and credited to contributed surplus in respect of the vesting of these options.

6. SUBSEQUENT EVENT

The Company repurchased 1,731,000 of its common shares on November 3, 2009 from a director, at a price of \$0.76 per share, being the closing price of Africo's shares on Monday November 2, 2009. The repurchased Shares were immediately cancelled and returned to treasury.