

AVION RESOURCES CORP.

(A Development Stage Company)

Interim Consolidated Financial Statements
For the four months ended March 31, 2009 and
the three months ended February 28, 2008

AVION RESOURCES CORP.

(A Development Stage Company)

Consolidated Balance Sheets

(Stated in Canadian Dollars)

As at	Four months ended March 31, 2009 (Note 1) <i>unaudited</i>	Twelve months ended November 30, 2008 <i>audited</i>
ASSETS		
Current		
Cash and cash equivalents	\$ 2,327,638	\$ 3,495,249
Amounts receivable	3,125,930	182,118
Fuel duty recoverable (Note 8)	3,698,816	3,671,022
Prepaid expenses	1,128,280	950,216
Inventory (Note 7)	5,529,552	3,720,574
	15,810,216	12,019,179
Investments (Note 6)	140,001	140,001
Fuel duty recoverable (Note 8)	2,972,092	2,896,542
Equipment (Note 9)	1,880,287	1,979,662
Mineral properties (Note 10)	25,687,321	23,495,895
	\$ 46,489,917	\$ 40,531,279
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 11 and 18)	\$ 7,575,779	\$ 3,495,670
Short term debentures (Note 12)	8,534,261	8,241,790
	16,110,040	11,737,460
Asset retirement obligations (Note 13)	4,530,910	4,407,695
	20,640,950	16,145,155
SHAREHOLDERS' EQUITY		
Capital stock (Note 14)	33,839,826	31,703,292
Warrants (Note 15)	6,551,737	5,990,737
Contributed surplus (Note 17)	3,098,915	2,792,830
Deficit	(17,641,511)	(16,100,735)
	25,848,967	24,386,124
	\$ 46,489,917	\$ 40,531,279

Commitments and contingencies (Notes 1, 2 and 19)

Subsequent events (Note 21)

APPROVED ON BEHALF OF THE BOARD:

"John Begeman", Director

"Stan Bharti", Director

AVION RESOURCES CORP.

(A Development Stage Company)

Consolidated Statements of Operations and Deficit

(Stated in Canadian Dollars)

Unaudited

	Four months ended March 31, 2009 (Note 1)	Three months ended February 29, 2008
Expenses		
Consulting and management fees (Note 16)	\$ 455,315	\$ 35,186
Shareholder communications	101,147	1,554
Travel	98,918	20,410
Office and general	83,182	15,746
Professional fees	33,394	5,313
Transfer agent and filing fees	19,612	10,625
(Loss) for the period before the following:	(791,568)	(88,834)
Interest earned	2,256	4,337
Interest expense and accretion (Notes 12 and 13)	(488,869)	(7,312)
General exploration expenses	5,441	(4,448)
Foreign exchange (loss)	(268,036)	-
Net (loss) for the period	\$ (1,540,776)	\$ (96,257)
Deficit, beginning of period	\$ (16,100,735)	\$ (9,255,672)
Deficit, end of period	\$ (17,641,511)	\$ (9,351,929)
Basic net (loss) per share	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding	100,248,480	15,282,734

-- See Notes to the Consolidated Financial Statements --

AVION RESOURCES CORP.

(A Development Stage Company)

Consolidated Statements of Cash Flows

(Stated in Canadian Dollars)

Unaudited

	Four months ended March 31, 2009 (Note 1)	Three months ended February 29, 2008
Cash flows provided by (used in)		
Operating activities		
Net (loss) for the year	\$ (1,540,776)	\$ (96,257)
Changes not affecting cash:		
Stock based compensation (Note 16)	202,414	-
Accretion expense (Notes 12 and 13)	155,309	-
Foreign exchange loss	57,017	-
Amortization	-	-
Net change in non-cash working capital items	(2,851,913)	(143,546)
	(3,977,949)	(239,803)
Financing activities		
Private placements, net of issue costs	2,801,205	278,746
	2,801,205	278,746
Investing activities		
Mineral properties, plant and equipment	(2,092,051)	(1,224,127)
Decrease in prepaid exploration	-	150,000
Increase in accounts payable related to mineral properties	2,101,184	225,516
Equipment purchases	-	-
	9,133	(848,611)
Change in cash and cash equivalents	(1,167,611)	(809,668)
Cash and cash equivalents, beginning of period	3,495,249	956,861
Cash and cash equivalents, end of period	\$ 2,327,638	\$ 147,193
Cash and cash equivalents consist of:		
Cash	\$ 1,926,616	\$ 147,193
Cash equivalents	401,021	-
	\$ 2,327,638	\$ 147,193
SUPPLEMENTARY INFORMATION:		
Common shares issued for property acquisition	\$ -	\$ 75,000
Warrants issued for property acquisition	\$ -	\$ 190,500
Amortization of fixed assets recorded to mineral properties	\$ 99,375	\$ -
Interest paid	\$ 89,178	\$ 7,311
Income taxes paid	\$ -	\$ -

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008

Unaudited

1. NATURE OF OPERATIONS

These interim consolidated financial statements are unaudited and have not been reviewed by the Company's auditors.

Avion Resources Corp. ("Avion" or the "Company") is a development stage company as defined by the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11 and is primarily engaged in the acquisition, exploration and development of mineral properties located in Africa.

The Company has changed its year-end to December 31 from November 30 effective this financial year. As a result, the Company is reporting a four month quarter ending March 31, 2009 instead of a three month quarter ending February 28, 2009. The comparative period report is for the three month months ended February 29, 2008.

During 2008, the Company acquired an 80% interest in the Tabakoto and Segala gold projects, the "Mali Projects". The remaining 20% interest belongs to the Government of Mali. The Tabakoto project was previously a producing gold mine and has all mining infrastructure and processing facilities in place. It was placed on care and maintenance by the former owners. During the quarter, the Company had been working to better define and expand the historical resource estimates, improve the plant's operational and economic efficiencies, and re-start production at the Tabakoto mine. Subsequent to the end of the quarter, the Company commenced commercial production at these projects.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material writedowns of the carrying values. Mining assets located outside of Canada are subject to the risk of foreign investment including increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

The disclosure in these interim financial statements may not conform in all respects to generally accepted accounting principles in Canada for annual financial statements.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the four months ended March 31, 2009 are not indicative of the results that may be expected for the thirteen month transition year ending December 31, 2009.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008

Unaudited

2. CONTINUING OPERATIONS

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. Realization values may be substantially different from the carrying values as shown in the consolidated financial statements should the Company be unable to continue as a going concern.

The Company's ability to meet its obligations and maintain operations is contingent upon additional financing arrangements and the support of its creditors.

Funding for operations is obtained primarily through public and private share offerings. Future operations are dependent upon the Company's ability to finance expenditure requirements and/or upon the achievement of profitable operations. There is no guarantee that the Company will be able to obtain necessary financings or achieve profitable operations. These consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, these financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 3 to the Company's Annual Consolidated Financial Statements for the period ended November 30, 2008.

New accounting pronouncements

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets and is effective for the Company commencing January 1, 2009. This standard is effective for years beginning on or after January 1, 2009. The Company is currently in the process of evaluating the impact of this standard.

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

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that 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 is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks.

Mining Exploration Costs

On March 27, 2009 the Emerging Issues Committee ("EIC") issued EIC-174. In this EIC the Committee reached a consensus that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The EIC should be applied to financial statements issued after March 27, 2009. The Company has adopted EIC-174.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008

Unaudited

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Pronouncements

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards. Sections 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies 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. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The capital structure of the Company consists of capital stock, warrants and stock options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and development program and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended March 31, 2009.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008

Unaudited

5. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to amounts receivable and fuel duty receivable. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable consist of Goods and Services Tax due from the Government of Canada, employee advances and reimbursable costs, and gold sales receivables. Fuel duty receivable is due from the Government of Mali, recoverable by way of offset against certain royalties and any taxes otherwise payable to the Government of Mali. Management believes that the credit risk with respect to these financial instruments is minimal. There is no formal offset agreement with the Malian Government, but the Government has not rejected the offsets to date.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2009, the Company had a cash and cash equivalents balance of \$2,327,638 (November 30, 2008 - \$3,495,249) to settle current liabilities of \$16,110,040 (November 30, 2008 - \$11,737,460). Approximately \$4,800,000 of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Current liabilities include three short term debentures. One of these debentures, approximately US\$5,200,000 (CDN\$6,500,000) plus accrued interest is payable to Dynamite Resources Inc. ("Dynamite"). However, at March 31, 2009, the Company was in negotiations to acquire Dynamite. This acquisition was completed subsequent to the end of the quarter (Notes 12 and 21).

Market risk

(a) Interest rate risk

The Company has cash balances and interest-bearing debt at March 31, 2009. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. A large proportion of the Company's interest bearing debt has a fixed interest rate of 10% and is short term. The Company also carries debt owing to the Mali government with interest rates based on LIBOR (Note 11). The Company considers interest rate risk to be minimal as investments are short term, and the interest rate on the bulk of the debt is fixed.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company funds certain operations, exploration and administrative expenses in Africa on a cash-call basis using the CFA Francs ("FCFA") and the Euro currencies, converted from its Canadian dollar bank accounts. The Company's Malian subsidiaries operate in FCFA for which Malian banks offer a floating rate of exchange with the Euro. As well, the Company has short term loans denominated in US dollars, totaling US\$6,200,000 (CDN\$7,800,000) plus accrued interest. Management does not hedge its foreign exchange risk.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008

Unaudited

5. FINANCIAL RISK FACTORS (continued)

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company has a debenture which is linked to the gold price implying the principal would rise in direct correlation to a rise in gold prices.

Financial instruments and fair values

The Company has designated its cash and cash equivalents as held-for-trading, measured at fair value. Amounts receivable and the fuel duty receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, and short term loans are classified as other financial liabilities, which are measured at amortized cost. The Company's investment in a private mineral exploration company is measured at cost as the investment does not have a quoted market price in an active market.

As at March 31, 2009, the carrying and fair value amounts of the Company's financial instruments are approximately the same, and there were no changes that occurred that attributed to credit risk.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period.

As a result of the Company's activities in Mali, the Company is exposed to foreign exchange risk. The Company's functional currency is the Canadian Dollar. The Company is exposed to currency risk on settlements of purchases that were denominated in currencies other than the functional currency. The currency exposures are primarily to the United States Dollar (USD), Euro (EURO), West African CFA Franc (FCFA) and the South African Rand (ZAR).

Based on the gold inventory held by the Company as at March 31, 2009, 10% fluctuations in the exchange rate from US\$ to CDN\$ will generate increases or decreases in value of approximately \$220,000.

Based on the gold inventory held by the Company at March 31, 2009, an increase or decrease in the market price of gold of US\$100 per ounce would generate a respective increase or decrease in value of approximately \$190,000.

The Company commenced commercial gold production subsequent to the end of the quarter. As a result, fluctuations in the price of gold, and to a lesser degree, the price of silver, could affect the results of operations. The Company currently does not hedge its future gold sales.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008
Unaudited

6. INVESTMENTS

Investments, carried at estimated fair market value, are comprised of the following:

	March 31, 2009 \$	November 30, 2008 \$
Global Immune Technologies, Inc. (2,000,000 shares)	1	1
Yellowhead Mining Inc. (100,000 shares)	140,000	140,000
	140,001	140,001

The Company owns 2,000,000 restricted common shares of Global Immune Technologies Inc. (formerly Secureview Systems Inc.). The Company wrote down the investment to a value of \$1. Management estimates that the fair market value of this investment approximates its carrying value.

The Company received 100,000 common shares of Yellowhead Mining Inc. ("Yellowhead") with a value of \$1.40 per share as part proceeds from the sale of its 100% interest in the Harper Creek claims. If after Yellowhead has become listed on a stock market, and the fair market value of the shares held by the Company are below \$140,000, then Yellowhead will pay to the Company the difference in cash. Consequently, the fair value of this investment is estimated to be \$140,000. Yellowhead has not yet become listed on a stock market.

7. INVENTORY

	March 31, 2009	November 30, 2008
Parts and supplies	\$ 3,905,898	\$ -
Gold brick	\$ 1,052,153	-
Gold in circuit	\$ 571,501	-
	\$ 5,529,552	\$ -

8. FUEL DUTY RECOVERABLE

The fuel duty recoverable is held by the Government of Mali. It is currently being recovered by way of offset against royalties and any taxes that would otherwise be payable to the Government of Mali, including payroll taxes. There is no formal offset agreement with the Government of Mali, however, the Government has not rejected any offsets to date. The Company has generated some preproduction revenues during the current quarter, and has declared commercial production subsequent to the end of the quarter. Royalties will be payable, and as such, a portion of this receivable is classified as current. The balance of the receivable at March 31, 2009 is 2,709,629,648 CFA (CDN\$6,670,909).

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008
Unaudited

9. EQUIPMENT

	2009			2008
	Cost	Accumulated Amortization	Net	
Field equipment	\$ 33,610	\$ (4,201)	\$ 29,409	\$ 31,369
Plant equipment	1,948,293	(97,415)	1,850,878	1,948,293
	<u>\$ 1,981,903</u>	<u>\$ (101,616)</u>	<u>\$ 1,880,287</u>	<u>\$ 1,979,662</u>

10. MINERAL PROPERTIES, PLANT AND EQUIPMENT

DESCRIPTION	Mali Projects		TOTAL
	Tamico	Segala	
Balance, November 30, 2008	\$ 12,841,132	\$ 10,654,763	\$ 23,495,895
Acquisition and property costs	96,143	-	96,143
Preproduction costs	6,916,741	-	6,916,741
Exploration costs	-	714,341	714,341
Preproduction revenues	(5,535,799)	-	(5,535,799)
TOTAL MINERAL PROPERTIES			
March 31, 2009	\$ 14,318,217	\$ 11,369,104	\$ 25,687,321

11. GOVERNMENT LOAN

The Company, through its Malian subsidiaries, carries a liability payable to the Government of Mali of 249,852,288 FCFA (CDN\$615,118), including accrued interest. This loan bears an interest rate at the London Interbank Offered Rate ("LIBOR") for United States Dollars plus 2%, and is calculated and capitalized annually. This loan will be paid with priority over shareholder dividends. This loan has been included in accounts payable and accrued liabilities at March 31, 2009.

12. SHORT TERM LOANS

(a) The Company had borrowed US\$1,000,000 from Aberdeen, a related party, during 2008 to post a break fee associated with the acquisition of the Mali Projects. This loan originally matured on September 30, 2008, incurring a 10% per annum interest rate, and secured against the assets of the Company. The Company renewed this debenture on September 30, 2008 with a new maturity date of September 30, 2009. Interest of 10% is compounded monthly and payable semi-annually. The principal increases 30% for each \$100 incremental increase in the price of gold above US\$900, based on the twelve month average of closing prices of the London PM fixings. The value of this embedded derivative has been estimated to be nominal at March 31, 2009. As compensation for the renewal, the Company agreed to issue to Aberdeen, subject to regulatory approval, 2,000,000 warrants, each exercisable into one common share of the Company at a price of \$0.20 expiring one year from the date of issue. These warrants were issued during the current quarter, however their estimated fair value of \$96,282 was accrued during the prior year. The value of the warrants was recorded against the debenture to be accreted over the term of the debenture. During the four months ended March 31, 2009, \$32,094 in accretion expense was charged. As well, the Company made two cash payments to Aberdeen of US\$25,000 during November 2008 (CDN\$29,880) and March 2009 (CDN\$32,345) in connection with the extension of this debenture.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008

Unaudited

12. SHORT TERM LOANS (continued)

Aberdeen owns more than 10% of the issued and outstanding shares of the Company. The Company and Aberdeen share common directors and officers.

The Company also entered into a debenture agreement during 2008 with Aberdeen for \$750,000 related to an amount due in connection to a property agreement. This debenture agreement matures on September 30, 2009, and carries a 10% per annum interest rate. As well, the principal will increase 30% for each \$100 incremental increase in the price of gold above US\$900, based on the twelve month average of the close price on the London PM fix. The value of this embedded derivative has been estimated to be nominal at March 31, 2009. Amounts related to this debenture have been included in short term loans at March 31, 2009.

A payment was due to Aberdeen on December 31, 2008 related to a property agreement, and has not been paid as at March 31, 2009. This liability is included in accounts payable and accrued liabilities at March 31, 2009.

Subsequent to the end of the quarter, the Company settled all amounts owing to Aberdeen (Note 21).

(b) In October 2008, the Company entered into an agreement to sell 50% of its 80% interest in the Segala project to Dynamite Resources Inc. ("Dynamite"). In consideration, Dynamite paid US\$5,000,000 (CDN\$6,200,000), which, until closing of the transaction, was provided to Avion as a short-term loan. Upon satisfaction of certain conditions precedent, the principal amount of the loan was to be applied as the purchase price for the transaction. Amounts outstanding under the loan accrued interest at a rate of 10% per year.

In February 2009, the Company signed a letter agreement with Dynamite whereby the Company will acquire all of the outstanding common shares of Dynamite in exchange for common shares of the Company. Each Dynamite common share will be exchanged for 0.75 of the Company's shares. Each outstanding Dynamite convertible security will be exercisable for common shares of the Company based on this same ratio. Prior to the closing of this acquisition, Dynamite will undertake to dispose of all or a portion of its interests in its Mike Lake project and its Kyrgyzstan assets with proceeds of disposition, up to a deemed realized aggregate value of \$2,500,000, for the sole benefit of Dynamite shareholders. Upon completion of the transaction, Dynamite shareholders will own approximately 40% of the Company. This transaction is subject to an adjustment provision, regulatory approvals, court approval and requisite Dynamite shareholder approval. Dynamite has agreed to pay a break fee of \$650,000 to the Company in certain circumstances and has granted the Company the right to match competing offers. A definitive agreement was entered into between Dynamite and Avion on March 18, 2009. The transaction closed subsequent to the end of the quarter in May 2009.

13. ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations were acquired through the purchase of the Tabakoto project, and include costs accrued based on the current best estimate of mine reclamation and closure activities that will be required upon completion of mining activities. These activities include costs for earthworks, including land recontouring and revegetation, water treatment and demolition. The Company's provision for future site closure and reclamation costs is based on known legal requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments. The asset retirement obligation calculation used a credit adjusted risk-free discount rate applicable to Mali of 6.5% and an inflation factor of 3.0%. Although the ultimate amount to be incurred is uncertain, based on development, legal requirements and estimated costs as at March 31, 2009, the total undiscounted liability for asset retirement obligations is estimated to be approximately \$4,700,000. The cash expenditures are expected to occur over a period of time extending several years into the future.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008
Unaudited

13. ASSET RETIREMENT OBLIGATIONS (continued)

	March 31, 2009	November 30, 2008
Balance, beginning of period	\$ 4,407,695	\$ -
Acquisition of Tabakoto project, and asset retirement obligations attributed to this project	-	4,263,690
Accretion of interest	123,215	144,005
Balance, end of period	\$ 4,530,910	\$ 4,407,695

14. CAPITAL STOCK

a) Authorized - unlimited number of common shares

b) Issued

Common shares	Number of Shares	Amount
Balance, November 30, 2007	14,164,558	\$ 9,448,760
Private placement	1,111,111	300,000
Private placement	60,100,000	30,050,000
Issue of warrants - warrant valuation	-	(4,977,606)
Exercise of warrants	50,000	14,500
Exercise of warrants -- value allocation	-	3,650
Shares issued for property acquisition	339,285	101,250
Cost of issue	-	(3,237,262)
Adjustment	55	-
Balance, November 30, 2008	75,765,009	\$ 31,703,292
Private placement (i)	37,500,000	3,000,000
Issue of warrants - warrant valuation	-	(561,000)
Cost of issue	-	(302,466)
Balance, March 31, 2009	113,265,009	\$ 33,839,826

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008
Unaudited

14. CAPITAL STOCK (continued)

- (i) In January 2009, the Company completed a private placement financing of 37,500,000 units priced at \$0.08 per unit for gross proceeds of \$3,000,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole purchase warrant is exercisable at a price of \$0.10 per share until July 12, 2010. The fair value of these warrants was estimated at \$561,000 using the Black Scholes option pricing model with the following assumptions: expected dividend yield – 0%; expected volatility – 138%; risk-free interest rate – 1.0%; expected life – 18 months. Financing costs related to this private placement amounted to \$198,795. As well, the Company granted 2,235,000 broker options which are exercisable into the same number of common shares at an exercise price of \$0.08 per share until January 12, 2010. The fair value of these broker options was estimated at \$103,671 using the Black Scholes option pricing model with the following assumptions: expected dividend yield – 0%; expected volatility – 160%; risk-free interest rate – 1.0%; expected life – 1 year. This value was recorded as a cost of issue.

15. WARRANTS

	March 31, 2009		November 30, 2008	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of period	42,611,107	\$ 0.55	10,512,571	\$ 0.30
Granted	20,750,000	0.11	32,911,111	0.63
Exercised	-	-	(50,000)	0.29
Expired	-	-	(762,575)	0.51
Balance, end of period	63,361,107	\$ 0.41	42,611,107	\$ 0.55

A summary of the outstanding warrants as at March 31, 2009 are as follows:

Expiry Date	Exercise Price (\$)	Warrants Outstanding	Estimated Grant Date Fair Value (\$)
July 31, 2009	0.48	1,500,000	190,500
September 20, 2009	0.20	2,000,000	96,282
October 12, 2009	0.29	9,949,996	726,350
December 19, 2009	0.36	1,111,111	89,918
May 8, 2010	0.65	30,050,000	4,887,687
July 12, 2010	0.10	18,750,000	561,000
		63,361,107	6,551,737

The 2,000,000 warrants at an exercise price of \$0.20, which were committed to be issued during the prior year, were issued during this four month quarter, the value of which was included in the warrant balance during the prior year (Note 12).

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008
Unaudited

16. STOCK OPTIONS

	March 31, 2009		November 30, 2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	10,076,000	\$ 0.51	-	\$ -
Granted	750,000	0.20	6,570,000	0.43
Granted, broker options	2,235,000	0.08	3,606,000	0.65
Expired or forfeited	-	-	(100,000)	0.50
Balance, end of period	13,061,000	\$ 0.42	10,076,000	\$ 0.51

A summary of the outstanding options as at March 31, 2009 are as follows:

Expiry Date	Exercise Price (\$)	Options Outstanding	Options Exercisable	Vested Portion of Estimated Grant Date Fair Value (\$)
July 9, 2009	0.21	100,000	37,500	6,329
January 12, 2010	0.08	2,235,000	2,235,000	103,671
May 8, 2010	0.65	3,606,000	3,606,000	582,502
January 10, 2013	0.50	1,350,000	1,350,000	456,300
May 27, 2013	0.51	2,850,000	1,850,000	1,040,334
May 27, 2013	0.65	200,000	100,000	66,990
June 6, 2013	0.51	310,000	155,000	105,297
June 27, 2013	0.51	100,000	50,000	33,508
July 30, 2013	0.40	10,000	10,000	3,210
September 19, 2013	0.20	1,550,000	1,550,000	248,728
February 10, 2014	0.20	750,000	93,750	56,696
		13,061,000	11,037,250	2,703,565

The Company granted 750,000 (Q1 2008: 1,450,000) stock options to directors, officers and consultants of the Company during the four months ended March 31, 2009. These options vest 1/8th every quarter over a two year period. The estimated fair value of these stock options was estimated using the Black-Scholes option pricing model under the following assumptions: expected dividend yield - 0%; expected life - 5 years; expected volatility - 125%; a risk-free interest rate - 2.1%. An amount of \$202,414 was recorded in stock based compensation expense to consulting and management fees for the four months ended March 31, 2009 related to these and other options that vested over the period. No expense was recognized during the comparative quarter ended February 29, 2008 as the value of the options granted then were accrued during the prior period.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008
Unaudited

17. CONTRIBUTED SURPLUS

	March 31, 2009	November 31, 2008
Balance, beginning of period	\$ 2,792,830	\$ 829,900
Stock options granted and/or vested during the year		
Directors, officers and employees	156,041	1,247,058
Consultants	46,373	111,620
Value of compensation options granted during the year	103,671	582,502
Value of expired warrants	-	21,750
Balance, end of period	\$ 3,098,915	\$ 2,792,830

18. RELATED PARTY TRANSACTIONS

The Company was charged \$20,000 during the four months ended March 31, 2009 (Q1 2008: \$nil) for administrative fees charged by a company controlled by a director of the Company.

The Company shares its premises with other companies that have common directors and officers, and the Company reimburses the related companies for their proportional share of the expenses. Included in accounts payable and accrued liabilities at March 31, 2009 is \$13,121 (Q1 2008: \$11,324) owing to such companies. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Aberdeen owns more than 10% of the issued and outstanding shares of the Company. As well, the Company and Aberdeen share common directors and officers. The Company entered into an agreement to purchase properties in Ethiopia from Aberdeen, as well as a debenture agreement with Aberdeen. See also Note 12.

The Company and Dynamite share a common director and a common officer. The Company entered into a letter agreement with Dynamite to acquire all of the issued and outstanding shares of Dynamite. See Note 12.

19. COMMITMENTS AND CONTIGENCIES

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to \$962,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts are approximately \$745,000.

The Company is contracted to purchase fuel as required, however if the contract was terminated, the Company would be obligated to pay the net book value of the facilities, valued at approximately US\$1,350,000 at March 31, 2009.

The Company has received a tax assessment from the Malian government for FCFA 1,303,558,366 (approximately \$3,260,000) covering periods prior to the acquisition of the Mali Projects by the Company which are under representations made by the vendor of the Mali Projects. The Company believes that this assessment is without merit and will not result in any significant expense to the Company.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008
Unaudited

19. COMMITMENTS AND CONTIGENCIES (continued)

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company cannot reasonably predict the likelihood or outcome of these actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason there it, will have a material effect on the financial condition or future results of operations.

20. SEGMENTED INFORMATION

	Current Assets	Mineral Properties	Equipment	Other Long Term Assets	TOTAL ASSETS
<u>March 31, 2009</u>					
Canada	1,332,493	-	-	140,001	1,472,494
Africa	14,477,723	25,687,321	1,880,287	2,972,092	45,017,423
	<u>15,810,216</u>	<u>25,687,321</u>	<u>1,880,287</u>	<u>3,112,093</u>	<u>46,489,917</u>
<u>November 30, 2008</u>					
Canada	2,816,264	-	-	140,001	2,956,265
Africa	9,202,915	23,495,895	1,979,662	2,896,542	37,575,014
	<u>12,019,179</u>	<u>23,495,895</u>	<u>1,979,662</u>	<u>3,036,543</u>	<u>40,531,279</u>

21. SUBSEQUENT EVENTS

The Company has declared commercial production as of May 1, 2009.

In April 2009, the Company has extended the term of 30,050,000 common share purchase warrants that were issued in May 2008. These warrants are exercisable into the same number of common shares at an exercise price of \$0.65. On receipt of regulatory approval, the expiry date has been extended from May 8, 2010 to May 8, 2011. This extension was a condition of the May 2008 financing. The effective date of the extension is May 8, 2009.

In May 2009, the Company completed the acquisition of Dynamite by way of a plan of arrangement. The Company acquired all of the issued and outstanding common shares of Dynamite at an exchange ratio of 0.75 common shares of the Company for each common share of Dynamite. As a result, the Company issued 85,151,250 common shares to the former shareholders of Dynamite.

In May 2009, the Company entered into an agreement to acquire a 16% interest in Midlands Minerals Corporation ("Midlands") through the purchase of 8,581,000 common shares of Midlands in exchange for the 4,290,500 common shares of the Company. Closing of this purchase is subject to final approval of the TSX Venture Exchange.

AVION RESOURCES CORP.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

For the four months ended March 31, 2009 and the three months ended February 29, 2008

Unaudited

21. SUBSEQUENT EVENTS (continued)

In May 2009, the Company settled its US\$1,000,000 debenture owing to Aberdeen (Note 12). Also, the Company settled the \$1,750,000 plus accrued interest owing to Aberdeen in relation to the Ethiopian properties (Note 10) for a payment of \$1,600,000 million.

In May 2009, Mr. Patrick Gleeson resigned as the Company's Corporate Secretary. Ms. Brianna Davies has been appointed Corporate Secretary of the combined company. In addition, the Company has appointed Mr. Lewis MacKenzie and Mr. Gerald McCarvill, former directors of Dynamite, to the Board of Directors of the Company.