

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)

Financial Statements
September 30, 2008 and 2007

<u>Index</u>	<u>Page</u>
Auditors' Report to the Shareholders	1
Financial Statements	
Balance Sheets	2
Statements of Operations and Deficit	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 23

AUDITORS' REPORT

TO THE SHAREHOLDERS OF FIRST BAUXITE CORPORATION (formerly Academy Ventures Inc.)

We have audited the balance sheet of First Bauxite Corporation (formerly Academy Ventures Inc.) as at September 30, 2008 and the statements of operations and deficit and cash flows for the year 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 audit.

We conducted our audit 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 financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at September 30, 2007 and for the year then ended were audited by other auditors who provided an opinion without reservation in their report dated December 12, 2007.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
January 26, 2009

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Balance Sheets
September 30

	2008	2007
Assets		
Current		
Cash	\$ 24,349	\$ 160,244
Short-term investment (note 4)	1,719,260	-
GST receivable	17,447	10,721
Due from related parties (note 10)	9,534	-
Mining tax credit receivable	57,017	19,979
Prepaid expenses	10,454	41,800
	1,838,061	232,744
Property and Equipment (note 5)	35,146	-
Rental Deposits	4,192	-
Mineral Property Interest (note 6)	-	103,855
Deferred Acquisition Costs	96,743	-
Advances to Guyana Industrial Minerals Inc.	874,621	-
	\$ 2,848,763	\$ 336,599
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 117,291	\$ 10,812
Due to related parties (note 10)	4,115	118
	121,406	10,930
Shareholders' Equity		
Share Capital (note 7)	3,113,798	720,001
Contributed Surplus (note 7(f))	1,262,944	-
Deficit	(1,649,385)	(394,332)
	2,727,357	325,669
	\$ 2,848,763	\$ 336,599

Nature of Operations and Going-Concern (note 1)
Commitments (note 11)
Subsequent Events (note 15)

Approved by the Directors:

"Harry Katevatis"
..... Director
Harry Katevatis

"Yannis Tsitos"
..... Director
Yannis Tsitos

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Statements of Operations and Deficit
Years Ended September 30

	2008	2007
Expenses		
Amortization	\$ 4,613	\$ -
Insurance	8,530	-
Investor relations	33,182	-
Management and administration fees	42,000	48,000
Office and others	47,298	14,785
Professional fees	75,207	17,956
Rent	17,675	
Salaries and benefits	96,505	-
Stock exchange and filing fees	25,531	6,813
Stock-based compensation (note 7(d))	656,194	-
Travel and promotion	47,452	9,698
Loss Before Other Items	1,054,187	97,252
Other Items		
Mineral property interest written off	252,007	-
Foreign exchange	(13,175)	(4)
Interest income	(37,966)	(1,336)
	200,866	(1,340)
Net Loss and Comprehensive Loss for Year	1,255,053	95,912
Deficit, Beginning of Year	394,332	298,420
Deficit, End of Year	\$ 1,649,385	\$ 394,332
Basic and Diluted Loss per Share	\$ 0.06	\$ 0.01
Weighted Average Number of Common Shares Outstanding	19,478,877	15,969,590

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Statements of Cash Flows
Years Ended September 30

	2008	2007
Operating Activities		
Net loss	\$ (1,255,053)	\$ (95,912)
Items not affecting cash		
Amortization	4,613	-
Unrealized foreign exchange gain	(13,175)	-
Interest income accrued on short-term investment	(19,260)	-
Stock-based compensation	656,194	-
Mineral property interest written off	252,007	-
	(374,674)	(95,912)
Changes in non-cash working capital		
GST receivable	(6,726)	(4,764)
Prepaid expenses and rental deposits	27,154	(41,800)
Accounts payable and accrued liabilities	44,237	(4,558)
Cash Used in Operating Activities	(310,009)	(147,034)
Financing Activities		
Amounts due from (to) related parties	(5,537)	118
Shares issued for cash, net of share issuance costs	3,000,547	60,000
Cash Provided by Financing Activities	2,995,010	60,118
Investing Activities		
Advances to Guyana Industrial Minerals Inc.	(833,117)	-
Short-term investments	(1,700,000)	-
Deferred acquisition costs	(62,830)	-
Purchase of property and equipment	(39,759)	-
Expenditures on mineral property interests	(185,190)	(10,000)
Cash Used in Investing Activities	(2,820,896)	(10,000)
Outflow of Cash	(135,895)	(96,916)
Cash, Beginning of Year	160,244	257,160
Cash, End of Year	\$ 24,349	\$ 160,244

Supplemental Cash Flow Information (note 14)

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

1. NATURE OF OPERATIONS AND GOING-CONCERN

First Bauxite Corporation (the "Company") was incorporated under the laws of the province of British Columbia on July 8, 2003. The Company is an exploration stage company and is in the process of acquiring and exploring its mineral properties, and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company has determined that it will not pursue the exploration and development of its Canadian mineral property interests and, as described in note 6, has decided to concentrate all of its efforts on the exploration and development of its Guyana mineral interests.

On December 9, 2008, the Company completed a stock split of its share capital, warrants and options on a basis of two new shares for one old share. All share, warrant, option and per unit data included in these financial statements have been adjusted to retroactively reflect this split.

These financial statements were prepared on a "going-concern" basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2008, the Company had working capital of \$1,716,655 (2007 - \$221,814). The Company does not currently hold any revenue-generating properties and thereby continues to incur losses. The Company has an accumulated deficit of \$1,649,385 as at September 30, 2008 (2007 - \$394,332).

The Company's ability to discharge its liabilities and fulfill its commitments as they come due is dependent upon its success in obtaining additional equity financing and, ultimately, on locating economically recoverable resources and attaining profitable operations. Failure to continue as a going-concern would require the restatement of assets and liabilities on a liquidation basis, which could differ materially from the going-concern basis.

These financial statements do not reflect any adjustments that would be necessary if the going-concern assumptions were not appropriate because management believes that actions taken or planned will mitigate the adverse conditions that raise doubts about the Company's viability.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and are stated in Canadian dollars.

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of expenses during the reporting period. Significant areas requiring the use of management estimates relate to determining the amount of impairment of mineral property interests, amount of mining tax credit receivable, determination of accrued liabilities, rates of amortization, the variables used in the calculation of stock-based compensation and the determination of the valuation allowance for future tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Mineral property interests

All costs related to the acquisition of, exploration for and development of mineral property interests, net of recoveries, are capitalized on a property-by-property basis. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property is sold or the Company's mineral rights are allowed to lapse.

All capitalized costs are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount (as estimated by quantifiable evidence of an economic geological resource or reserve or by reference to option or joint venture expenditure commitments) or when, in the Company's assessment, it will be unable to sell the property for an amount greater than the deferred costs, the property is written down for the impairment in value.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

(c) Revenue recognition

Interest income is recorded as earned at the effective rate of interest of the short-term investment over the term to maturity.

(d) General and administrative expenses

The Company charges all general and administrative expenses not directly related to exploration activities to operations as incurred.

(e) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. The calculation also excludes common shares that are being held in escrow at year-end.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged either to operations or mineral property interests, with the offset credit to contributed surplus, over the vesting period. If and when the stock options are exercised, the applicable amounts from contributed surplus are transferred to share capital.

(g) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is substantively assured. Future tax benefits, such as non-capital loss carry-forwards, are recognized to the extent that realization of such benefits is considered to be more likely than not.

(h) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization on property and equipment is recorded on a declining balance basis at the following annual rates:

Computer equipment	30%
Office equipment	30%
Furniture	20%

Additions during the year are amortized at one-half the annual rates.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Asset retirement obligation ("ARO")

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to operations in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present the Company has determined that it has no material AROs.

(j) Foreign currency translation

The reporting currency of the Company is the Canadian dollar. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transaction. Foreign exchange gains and losses are recognized in the determination of net income or loss in the year in which they arise.

(k) Deferred acquisition costs

The Company has capitalized all expenditures directly related to the acquisition of Bonasika Ltd. ("Bonasika"). The expenditures include legal fees, exchange filing fees and due diligence work completed by the Company. These expenditures will be included in the purchase price allocation upon completion of the acquisition.

(l) Future accounting changes

(i) Going-Concern

In June 2007, the Canadian Institute of Chartered Accountants ("CICA") amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of the Company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going-concern. This new section is effective for the Company for the year beginning October 1, 2008. The Company is in the process of assessing the impact of this new section on its financial statements.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Future accounting changes (Continued)

(ii) Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for the Company for the year beginning October 1, 2008. The Company is in the process of assessing the impact of this new section on its financial statements.

(iii) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of October 1, 2011 will require the restatement for comparative purposes of amounts previously reported by the Company during the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. CHANGES IN ACCOUNTING POLICY

Effective October 1, 2007, the Company adopted the following new accounting standards issued by the CICA. As permitted by the new standards, these have been adopted on a prospective basis with no restatement to prior period financial statements.

Financial Instruments – Recognition and Measurement (Section 3855)

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair value of assets and liabilities prior to October 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income. All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale, or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

3. CHANGES IN ACCOUNTING POLICY (Continued)

income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition. In accordance with the new standards, the Company has classified its financial instruments as follows:

- Cash – as held-for-trading
- Short-term investment – as loans and receivables
- Advances receivable – as loans and receivables
- Due to/from related parties – as loans and receivables
- Accounts payable and accrued liabilities – as other liabilities.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments and amortized using the effective interest method.

Comprehensive Income (Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income and its components in a separate financial statement that is displayed with the same prominence as the other financial statements. Currently, the Company does not have any comprehensive income (loss) or any accumulated other comprehensive income (loss).

Financial Instruments – Disclosure and Financial Instruments – Presentation (Sections 3862 and 3863)

These new sections require entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments and enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, operations and cash flows. These disclosures are included in note 9 to the financial statements.

Capital Disclosures (Section 1535)

This new section specifies the disclosure of the following information:

- An entity's objectives, policies and procedures for managing capital;
- Quantitative data about what the entity regards as capital;
- Whether the entity has complied with any capital requirements; and
- If it has not complied, the consequences of such non-compliance.

This disclosure is provided in note 8.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

3. CHANGES IN ACCOUNTING POLICY (Continued)

Hedging (Section 3865)

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.

4. SHORT-TERM INVESTMENT

The investment is a guaranteed investment certificate ("GIC") issued and guaranteed by a major Canadian chartered bank with a maturity greater than 90 days and less than one year. The GIC has a principal balance of \$1,700,000 and an interest rate of prime minus 2.25%. The GIC matures on May 5, 2009.

5. PROPERTY AND EQUIPMENT

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 4,000	\$ 600	\$ 3,400	\$ -	\$ -	\$ -
Office equipment	8,748	1,312	7,436	-	-	-
Furniture	27,011	2,701	24,310	-	-	-
	\$ 39,759	\$ 4,613	\$ 35,146	\$ -	\$ -	\$ -

6. MINERAL PROPERTY INTEREST

Doctor's Point

Pursuant to an option agreement dated July 6, 2006 and subsequent amendment, the Company was granted the sole and exclusive right and option to acquire an undivided 100% interest, subject to a 2% net smelter return, in nine mineral claims situated in the New Westminster Mining District of British Columbia. The Company has agreed to pay \$37,500 and incur total aggregate expenditures on the property of \$300,000 as follows:

	Cash Payments	Exploration Expenditures
Upon execution of the agreement	\$ 7,500 (paid)	\$ -
On or before July 6, 2007	10,000 (paid)	100,000 (incurred)*
On or before September 30, 2008	20,000	200,000 (incurred)*
	\$ 37,500	\$ 300,000

*The Company's total exploration expenditures totaled \$291,524, including claim staking fees. Under the terms of the option agreement, the Company may include an additional 5% overhead charge in order to meet its option agreement requirements. With the additional 5% overhead charge, the Company met its exploration expenditure requirements as outlined in the above table.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

6. MINERAL PROPERTY INTEREST (Continued)

Realization

The Company's investment in and expenditures on its mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal. The recoverability of the amounts shown for mineral property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof.

Title

Although the Company has taken steps to ensure the title to mineral property interests in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

6. MINERAL PROPERTY INTEREST (Continued)

Deferred Exploration Costs

The Company incurred the following deferred exploration costs:

	2008	2007
Acquisition Costs		
Balance, beginning of year	\$ 23,941	\$ -
Option payments- cash	-	17,500
Claim staking	-	6,441
	23,941	23,941
Written-off	(23,941)	-
Balance, end of year	-	23,941
Deferred Exploration Costs		
Balance, beginning of the year	79,914	-
Additions during the year:		
Assays	14,035	9,614
Consultant fees	14,700	-
Drilling	92,070	-
Equipment rental	-	5,270
Geological consultants	6,783	28,197
Miscellaneous	3,773	2,343
Reports	4,192	2,500
Sampling and prospecting	-	39,037
Surveying	33,479	-
Travel	-	8,281
Trenching	16,158	4,651
	185,190	99,893
Mining tax credit	(37,038)	(19,979)
	148,152	79,914
Written-off	(228,066)	-
Balance, end of year	-	79,914
Total Mineral Property Interest	\$ -	\$ 103,855

During 2008, the Company decided not to proceed with the option and, accordingly, wrote off \$252,007.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

7. SHARE CAPITAL

- (a) Authorized
100,000,000 common shares without par value
- (b) Issued and fully paid

	Number of Shares	Share Capital
Balance, September 30, 2006	20,400,002	\$ 660,001
Founder's shares	1,200,000	60,000
Balance, September 30, 2007	21,600,002	720,001
Initial public offering	6,000,000	900,000
Private placement	3,000,000	1,568,250
Exercise of agent warrants	480,000	72,000
Reallocation of fair value of agent warrants issued	-	(46,608)
Reallocation of fair value of agent warrants on conversion to shares	-	46,608
Share issue costs	-	(146,453)
Balance, September 30, 2008	31,080,002	\$ 3,113,798

- (i) In May 2008, the Company completed a non-brokered private placement of 3,000,000 units at a price of \$0.725 per unit, for gross proceeds of \$2,175,000. Each unit consists of one common share and one-half of one purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.90 per share for a period of two years. The estimated fair value of the warrants is \$606,750 and has been included in contributed surplus and as a reduction of the gross proceeds of the private placement. The estimated fair value was calculated using the Black-Scholes option pricing model with a volatility of 100%, risk-free interest rate of 2.8% and an expected life of 2 years. If the common shares of the Company trade at a price of \$1.25 per share or higher for a period of 10 consecutive trading days, the holders will have to exercise their warrants within 15 trading days after notified by the Company. If the warrants are not exercised within this period, the warrants will be cancelled. For a period of three years, the shareholders of this private placement will have the right to participate in any further equity financings of the Company in order to maintain 9.65% of the issued and outstanding share capital of the Company.
- (ii) In December 2007, the Company completed an initial public offering of 6,000,000 common shares at a price of \$0.15 per share. The Company paid the agent a 10% commission and \$30,000 in corporate finance and administration fees. The remaining share issue costs were for legal expenditures and filing fees. In addition, the Company issued agent warrants to acquire up to 480,000 common shares at \$0.15 per share expiring December 10, 2008. The estimated fair value of the warrants is \$46,608.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

7. SHARE CAPITAL (Continued)

- (b) Issued and fully paid
- (iii) In March 2007, the Company issued founder's shares of 1,200,000 common shares at a price of \$0.05 per share.
- (c) As at September 30, 2008, a total of 6,787,502 (2007 – 9,050,002) common shares issued to directors and/or officers of the Company are being held in escrow. These shares are being released on the following schedule:
- 10% upon listing on the TSX Venture Exchange (listed December 10, 2007); and
 - 15% every six months thereafter for 36 months.
- (d) Stock options

The Company has granted share purchase options to directors and officers of the Company to purchase common shares of the Company. These options are granted with an exercise price equal to the market price of the Company's stock on the date of grant.

During the year ended September 30, 2008, the Company adopted a rolling stock option plan (the "Plan") whereby the maximum number of common shares the Company may issue under the Plan will not exceed 10% of the number of common shares issued and outstanding on the date of grant.

A summary of the stock options activities is as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, September 30, 2007 and 2006	-	-
Granted	3,260,000	\$ 0.275
Expired	-	-
Balance, September 30, 2008	3,260,000	\$ 0.275

During the year ended September 30, 2008:

- On December 10, 2007, the Company granted 2,160,000 options to directors of the Company with an exercise price of \$0.15 per option. All options vest immediately.
- On January 2, 2008, the Company granted 600,000 options to a director with an exercise price of \$0.45 of which 25% vested immediately and the remaining vesting 25% each quarter thereafter.
- On February 4, 2008, the Company granted 500,000 options to a consultant with an exercise price of \$0.60 of which 25% vested on May 1, 2008 and the remaining vesting at 25% each quarter thereafter.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

7. SHARE CAPITAL (Continued)

(d) Stock options (Continued)

Stock options outstanding at September 30, 2008 are as follows:

Expiry Date	Number of Options	Exercise Price	Exercisable
February 3, 2010	500,000	\$ 0.60	250,000
December 10, 2012	2,160,000	\$ 0.15	2,160,000
January 2, 2013	600,000	\$ 0.45	450,000
	3,260,000		2,860,000
Weighted average contractual life in years	3.61		3.66

During the year ended September 30, 2008, the Company recognized fair value of \$656,194 (2007 - \$nil) in stock-based compensation expense recorded in the statements of operations for the stock options granted and vested to directors, officers and consultants of the Company.

Stock-based compensation expense of \$549,117 (2007 - \$nil) would be attributed to directors fees and \$107,077 (2007 - \$nil) would be attributed to investor relations.

The fair value of the share options used to calculate compensation expense was estimated using the Black-Scholes option pricing model with the following assumptions:

	2008	2007
Risk-free interest rate	3.15% - 3.89%	N/A
Expected dividend yield	0.0%	N/A
Expected stock price volatility	100%	N/A
Expected life of options	5 years	N/A
Weighted average fair value of options granted	\$ 0.218	N/A
Weighted average exercise price of options granted	\$ 0.274	N/A

(e) Warrants

	2008		2007	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2007	-	-	-	-
Issued	1,980,000	\$ 0.72	-	-
Exercised	(480,000)	\$ 0.15	-	-
Balance, September 30, 2008	1,500,000	\$ 0.90	-	-

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

7. SHARE CAPITAL (Continued)

(e) Warrants (Continued)

Warrants exercisable and outstanding at September 30, 2008 have a remaining contractual life of 1.61 years and were as follows:

Number of Warrants	Exercise Price	Expiry Date
1,500,000	\$ 0.90	May 10, 2010

There were no warrants exercisable and outstanding at September 30, 2007.

(f) Contributed surplus

Balance, September 30, 2006 and 2007	\$	-
Stock-based compensation		656,194
Fair value of warrants issued in private placement (note 7(b)(i))		606,750
Reallocation of fair value of agent warrants issued		46,608
Reallocation of fair value of agent warrants on conversion to shares		(46,608)
Balance, September 30, 2008	\$	1,262,944

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going-concern in order to pursue the development of its mineral property interests and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes components of shareholders' equity.

	2008		2007	
Share capital	\$	3,113,798	\$	720,001
Contributed surplus		1,262,944		-
	\$	4,376,742	\$	720,001

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets, or adjust the amount of cash.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There have been no changes to the Company's approach to capital management during the year and the Company's share capital and contributed surplus are not subject to external restrictions.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

9. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

(a) Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. The Company's credit risk is summarized below:

	2008	2007
Cash	\$ 24,349	\$ 160,244
Short-term investment	1,719,260	-
Due from related parties	9,534	-
Advances to Guyana Industrial Minerals Inc.	874,621	-
	\$ 2,627,764	\$ 160,244

(i) Cash and short-term investment

Credit risk is minimized substantially by ensuring these financial assets are placed with a major financial institution.

(ii) Due from related parties

Credit risk has been assessed as low by management as the Company has strong working relationships with the related parties involved.

(iii) Advances to Guyana Industrial Minerals Inc.

The credit risk has been assessed as low by management due to the circumstances relating to the advances. The Company received conditional approval from the TSX Venture Exchange to acquire Bonasika, the parent company of Ginmin, on August 20, 2008 and final approval for the acquisition of on November 13, 2008.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company maintains, on hand, sufficient cash and short-term investments, which at September 30, 2008 was of \$24,349 and \$1,719,260 respectively, in order to meet short-term business requirements. At September 30, 2008 the Company had accounts payable and accrued liabilities of \$117,291 (2007 - \$10,812) and due to related parties of \$4,115 (2007 - \$118), which will be repaid in fiscal 2009.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

9. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk and currency risk, affect the fair values of financial assets and liabilities.

(i) Interest rate risk

The Company's short-term investments consist of cash held in guaranteed investment certificates that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2008. Future cash flows from interest income on cash and short-term investments will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

(ii) Foreign currency risk

The Company is primarily exposed to currency fluctuations related to the Canadian (CDN) dollar on advances that are denominated in United States (US) dollars. The Company does not actively manage this risk.

(iii) Price risk

The Company is not exposed to price risk as it is in the exploration stage.

(d) Sensitivity analysis

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

The Company has advances as at September 30, 2008 that are denominated in US dollars. Fluctuations in the exchange rates between the US dollar and the CDN dollar could have a material effect on the Company's business, financial condition and results of operations. Based on the September 30, 2008 balance, an increase of 25% in the Canada to US dollar exchange would result in an increase in net loss of \$219,000, and a decrease of 25% would result in a reduction in net loss of \$219,000. Management believes that it is not likely but it is possible that the exchange rate could fluctuate by more than 25% within the next 12 months.

10. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2008, the Company had the following related party transactions:

- (a) paid \$30,000 (2007 - \$30,000) for management fees and \$12,000 (2007 - \$18,000) for administration expenses to a company controlled by a director;

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

10. RELATED PARTY TRANSACTIONS (Continued)

- (b) paid \$22,181 (2007 - \$7,056) for legal fees and reimbursements to a company controlled by an officer. As of September 30, 2008, \$1,836 (2007 - \$118) was included in due to related parties;
- (c) paid \$11,900 (2007 - \$9,100) for office rent to a company with common directors for the first ten months and recorded \$1,923 (2007 - \$nil) as reimbursement for rent from the same company. As of September 30, 2008, a balance of \$9,294 was due from (2007 - \$nil) this company. The amount is non-interest bearing and unsecured, with no fixed terms of repayment; and
- (d) paid \$74,120 (2007 - \$9,698) to directors and officers and a company controlled by a director for advances and reimbursement of computer, furniture, office equipment, travel, entertainment, meals and office expenses. At September 30, 2008, \$240 is receivable from a director and \$2,279 is payable to another director related to the advances and reimbursements.

All transactions were measured by the exchange amount, which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities. Balances due to and from related parties have no stated terms of repayment and are non-interest bearing

The fair value of due to and from related parties have not been disclosed as their fair values cannot be reliably measured since the parties are not at arm's length

11. COMMITMENTS

The Company is committed to the following payments related to premises rental payments, investor relation fees and equipment lease as follows:

2009	\$	86,808
2010		48,493
2011		48,695
2012		48,914
2013		41,453
	\$	274,363

- (a) The premises rental agreement is for a five-year period ending July 31, 2013, with monthly payments of \$3,850.
- (b) The investors relation payments relate to a contract entered into by the Company for payments of \$7,500 per month to January 2010. The contract was mutually ended, effective December 31, 2008.
- (c) The Company entered into a lease agreement on September 30, 2008 for a photocopier. The Company is committed to payments of \$3,120 per year, including interest, and has \$2,110 in minimum lease payments due in 2009.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

12. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration and development. All assets are located in Canada, as at September 30, 2008.

13. INCOME TAXES

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2008	2007
Effective income tax rates	31.78%	34.12%
Income tax benefit computed at Canadian statutory rates	\$ 398,856	\$ 32,725
Stock-based compensation	(208,538)	-
Share issue costs	9,309	-
Mineral property interests written-off	(80,088)	-
Other	(355)	-
Future income taxes due to change in tax rates	(21,677)	-
Unrecognized tax losses	(97,507)	(32,725)
Income tax provision	\$ -	\$ -

The components of future income tax assets are as follows:

	2008	2007
Future income tax assets (liabilities)		
Non-capital loss carry-forwards	\$ 159,907	\$ 62,447
Capital loss carry-forwards	20,040	20,040
Tax value of property and equipment in excess of book value	1,199	-
Tax value of mineral properties in excess of (less than) book value	62,922	(2,600)
Tax value of share issue costs	30,462	-
	274,530	79,887
Valuation allowance	(274,530)	(79,887)
Future income tax assets	\$ -	\$ -

The valuation allowance reflects the Company's estimate that the tax assets, more likely than not, will not be realized.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

13. INCOME TAXES (Continued)

The Company has available approximate non-capital losses that may be carried forward to apply against future years' income for income tax purposes. The losses expire as follows:

2010	\$	42,600
2011		42,500
2025		59,200
2026		95,900
2027		375,000
	\$	615,200

14. SUPPLEMENTAL CASH FLOW INFORMATION

	2008	2007
Income taxes paid	\$ -	-
Interest received	\$ 18,706	\$ 1,336
Interest paid	\$ 485	-
Guyana expenditures included in accounts payable	\$ 28,329	-
Deferred acquisition costs included in accounts payable	\$ 33,913	-
Share issue costs allocated to and transferred to warrants	\$ 46,608	-
Mineral exploration tax credit for mineral property interest written-off	\$ 37,038	-

15. SUBSEQUENT EVENTS

- (a) In February 2008, the Company executed a binding letter of intent with Bonasika, a British Virgin Islands company, pursuant to which the Company agrees to purchase all of the outstanding shares of Bonasika by issuing 9,000,000 common shares of the Company subject to regulatory approval. Bonasika holds 100% of Guyana Industrial Minerals Inc. ("Ginmin") of Georgetown, Guyana, which is the holder of the Bonasika mining licence, the Waratilla-Cartwright prospecting licence, and the Essequibo-Demerara ("Esse-Dem") permission for geophysical and geological survey in Guyana, issued by the Guyana Geology and Mines Commission and the Minister of Mines of Guyana.

On November 13, 2008, the Company received final acceptance from the TSX Venture Exchange for the acquisition of Bonasika. The Company issued 9,000,000 common shares in exchange for 100% of the outstanding shares of Bonasika on November 17, 2008 to complete the acquisition.

FIRST BAUXITE CORPORATION
(formerly Academy Ventures Inc.)
Notes to Financial Statements
Years Ended September 30, 2008 and 2007

15. SUBSEQUENT EVENTS (Continued)

(a) (Continued)

On May 23, 2008, the Company entered into a Letter of Understanding (“LOU”) with Rio Tinto Mining and Exploration Limited (“Rio Tinto”), covering the Esse-Dem bauxite exploration project in Guyana, excluding the Bonasika Mining License and the Waratilla-Cartwright Prospecting License (“JV Property”). Under the terms of the agreement, Rio Tinto has been granted an option to earn a 51% interest in the JV Property by funding 100% of exploration expenditures totaling US\$8,000,000 within four years. Rio Tinto must incur US\$350,000 (incurred) (the “Initial Commitment”) in exploration expenditures by December 31, 2008 and thereafter at least US\$1,000,000 in each subsequent calendar year. Rio Tinto cannot terminate the agreement before completing the Initial Commitment. Once Rio Tinto has earned its 51% interest and within 90 days from that time, Rio Tinto has the right to earn a further 24% (75% in aggregate) interest by funding a further US\$50,000,000 in the exploration and development of the JV Property. On each of the first to fourth anniversaries of execution of this LOU, Rio Tinto will have the right to acquire 2,000,000 common shares of the Company at a 10% discount to the volume-weighted average closing price on the 10 days prior to that anniversary date. Dilution clauses will apply during the joint venture period and any party diluting itself to 10% or under, this interest will be converted to a 1.5% gross royalty. Either party will have the right at any time to buy down any royalty interest held by the other party, for a fixed price of \$25 million for every 0.5%..

(b) On November 17, 2008, the Company increased its authorized capital from 100,000,000 common shares to an unlimited number of common shares.

(c) On November 17, 2008, the Company completed the acquisition of Bonasika, its wholly-owned subsidiaries, Guyana Industrial Minerals Inc. and Rafters Investment Corp., by issuing 9,000,000 common shares (note 7).

(d) In November 2008, 100,000 stock options were exercised at a price of \$0.15 per share for total proceeds of \$15,000.

(e) On December 5, 2008, the Company changed its name from Academy Energy Corp. to First Bauxite Corporation.

(f) Effective December 5, 2008, the Company split its common shares on a one old common share for two new common shares basis.

(g) On January 7, 2009, the Company announced a private placement led by Union Securities Ltd. (the “Agent”) for a minimum of 2,800,000 units and up to a maximum of 7,000,000 units at a price of \$0.72 per unit (each “Unit”) for minimum gross proceeds of \$2,016,000 and maximum gross proceeds of \$5,040,000 (the “Offering”). Each Unit will consist of one common share and one-half of one common share purchase warrant (a “Warrant”). Each whole Warrant will entitle the holder to purchase one additional common share of the Company at a price of \$1.10 for a period of 18 months from the date of closing (the “Closing”). The private placement had not closed as of January 26, 2009.