FOR IMMEDIATE RELEASE **7.00 am on 21 August 2012**

West African Minerals Corporation ("the Company")
Formerly Emerging Metals Corporation

Report and accounts for the year ended 31 March 2012

West African Minerals Corporation (LSE: WAFM), formerly Emerging Metals Limited, the mining and exploration group with a portfolio of assets in West Africa, presents its final audited results for the year ended 31 March 2012.

The 2012 Audited Annual Report and Accounts will be posted to shareholders shortly and will be available from the Company's website www.westafricanminerals.com.

Operational Highlights

- Ferrum Resources Limited acquisition completed bringing six exclusive exploration permits over 6,000 square kilometres of the Republic of Cameroon
- Indications are that the Cameroon permits could provide high tonnage, haematite-rich mineralisation
- Cameroon drilling program currently underway
- Cameroon government has confirmed commitment to provide infrastructure support to mining operations
- Total Assets increased from £10 million to £26.4 million
- Following placements, cash still remains over £10 million
- Operational expenses rigorously controlled at all levels

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Chairmen's statement

On the fast track to growth

The year end to March 2012 could not have been more eventful in firmly positioning West African Minerals Corporation to deliver on its goal to provide exciting opportunities for growth, principally through the exploration of high potential West African iron ore deposits in the Republic of Cameroon and the Republic of Sierra Leone.

Following the exercise of the Ferrum Option to acquire Ferrum Resources Limited ("Ferrum"), involving a reverse takeover (under AIM regulations), name change, share consolidation and fund raising approved by shareholders at the beginning of January 2012, the Company continued to strengthen its interests in West Africa by completing the acquisition of CMC Guernsey Limited ("CMC Guernsey") during March 2012. CMC Guernsey, through its 95 per cent. owned subsidiary Compagnie Minière du Cameroun SA, owns six exploration permits for the exclusive rights to explore for iron ore and associated minerals in areas referred to as Djadom, Dja, Lélé, Minko, Sanaga and Binga in Cameroon covering a total area of approximately 6,000 square kilometres.

As part of the Acquisition Agreement, Bradford Mills was proposed as Executive Vice Chairman and Anton Mauve as Managing Director of the Company. Bradford Mills, Anton Mauve, Gerard Holden (Non-executive) and Gualtiero Giori (Non-executive) were subsequently appointed to the board on 23 April 2012.

March 2012 Year End Results

During the financial year under review, the Company's Shareholder Equity grew to £25,821,978 (2011: £9,963,996) as a result of the Company's acquisition of Ferrum as well as Ferrum's acquisition of CMC Guernsey. The Ferrum acquisition was completed through exercise of an existing option and settled by way of conversion of convertible loan worth £0.47 million, a cash payment of £4.34 million and the issue of new shares worth £8.70 million. The CMC Guernsey acquisition was settled by way of cash payment of £8.08 million and issue of new shares worth £13.95 million. In accordance with IFRS, the acquisition of Ferrum and CMC Guernsey and its underlying subsidiaries resulted in the recognition of intangible assets representing the exploration permits at fair value on acquisition of £11.80 million, as well as deferred mining expenses of £2.48 million and goodwill of £0.86 million.

The cash impact of this activity meant that Cash Reserves marginally increased to £10,639,862 (2011: £10,000,643) including £5.25 million placement proceeds. It is worth remembering that at the point of listing in 2008 as Emerging Metals Limited, the Company had raised £16.16 million in aggregate.

Subsequent trading activities allowed the Company to pay a Special Dividend of £25.35 million to our shareholders in May 2010.

Total number of shares issued increased from 71.11 million to 258.95 million (allowing for the share consolidation) resulting in an increase in Share Premium to £43,838,819 (2011: £15,804,554). Total shares issued during the year comprised of 0.92 million shares issued in lieu of directors' fees, 52.50 million shares raising £5.25 million placements, 63.31 million shares issued on acquisition of the Ferrum outstanding interest and 71.10 million shares issued on acquisition of CMC minority interest.

In accordance with the Group's accounting policy, total costs directly attributable to exploratory activities in Cameroon and Sierra Leone are capitalised to Deferred Mine Exploration costs. As at 31 March 2012, total costs capitalised amounted to £2.48 million (2011: £0) of which £1.58 million is attributable to Cameroon and £0.90 million is attributable to Sierra Leone.

The total comprehensive loss for the year ended 31 March 2012 is £3,209,058 (2011: £1,006,037) of which professional fees of £1.6 million were payable, primarily as a result of the Ferrum acquisition.

West Africa

Our strategic focus is Africa, and in particular West Africa, which is rapidly gaining recognition as the next major iron ore province evidenced by significant investment and acquisition activity over the last two years by diverse international entities.

Acquisition of CMC Guernsey – Cameroon DSO licences

The acquisition of CMC Guernsey Limited which, through its 95 per cent owned subsidiary Compagnie Minière du Cameroun SA, presented the Company with the exclusive right to explore for iron ore and associated minerals over six exploration permits in Cameroon covering approximately 6,000 square kilometres. Historical aeromagnetic data indicated a continuation of the total magnetic intensity signature eastwards from WAFM's Binga concession (70 kilometres from the coast), some 650 kilometres to the eastern most concessions of WAFM, namely Djadom and Dja which are adjacent to Sundance's Mbalam project. The Mbalam significant Direct Shipping Ore (DSO) discovery is the subject of a bid from the Chinese group Hanlong for a cash consideration of US $1.3 billion.

Early indications are that the Cameroon permits could provide high tonnage, hematite-rich mineralisation (60-65% *Fe*) regionally known to occur as a cap overlying, and derived from weathering and oxidation of underlying banded iron formations (BIF). This is distinctive of the majority of explorer-developers in Africa that target magnetite or BIF ore which requires capital intensive processing to be suitable for use in blast furnaces in steel manufacture.

The acquisition also strengthened our senior operations team with the appointment of Bradford Mills as Executive Vice Chairman (former Chief Executive Officer of Lonmin plc and President of BHP Billiton's Base Metals Division) and Anton Mauve as Managing Director, both of whom are principals of Plinian Capital Limited which had previously acted as operator of CMC Guernsey.

The Republic of Cameroon has confirmed its commitment to providing the necessary infrastructure to support all mining in the country, and ensuring the Company will have access to the infrastructure, including a proposed harbour and railway system.

Cameroon has the largest and most diversified economy of the six-nation Central African Economic and Monetary Community, and is one of the most favoured among these countries for investment due to democratic reforms, conservative economic policies, and an industrious population. The country is instituting new reforms and improvements to its economy through privatization, diversification and the attraction of foreign investment through progressive and transparent development policies.

Positive results from Aeromagnetic Survey

The potential for high tonnage hematite DSO was further confirmed by the Company's own 27,000 line kilometre aeromagnetic survey in April of this year. No less than 30 discrete demagnetised zones covering over 100 square kilometres in area were identified with high tonnage potential for 60% to 65% *Fe*. Importantly, ten of these targets are on the near coastal concession of Binga in proximity to a planned deep water port at Kribi which would reduce significantly the time to, and cost of, processing and production of high grade iron.

The remaining 20 potential DSO targets are located on the Company's south-eastern permits - two of the largest anomalies on the Djadom and Lélé concessions which are interpreted as being demagnetised and therefore potentially hematite-rich areas, overlying the hinge zones of large banded iron formations. Seven of the anomalies have geophysical signatures similar to that of the Mbarga Deposit on the adjacent Mbalam exploration permit held by Sundance Resources.

Large scale drilling program ahead

The Company has recently announced a large scale drilling program which is currently underway comprising 400 to 500 shallow holes for an estimated 18,000 to 22,500 metres in total of Reverse Circulation (RC) drilling to verify the Phase 1 geophysical results and test for haematite-DSO with high tonnage potential. Drilling will begin at the near-coastal Binga permit and will be followed by a third phase resource definition diamond core and RC drilling towards defining a maiden resource estimate by year end.

The drilling program is designed to leverage the Company's success on two levels – to capture the near term potential of the Binga coastal permit and identify a resource that can be brought into production in relatively short time, while drilling to the east will target the large scale potential of Lélé and Djadom located adjacent to other known deposits. Based on the encouraging results of the Phase 1 program, the Company's management believes that its multiple DSO targets have the potential to host a regionally significant discovery.

Sierra Leone licenses

At Sierra Leone, where the Company is targeting enriched haematite schists of 40-50% *Fe* content, an airborne magnetic and radiometric survey was conducted over the licenses in 2011. These schists, typical of the Marampa Group, underlie the majority of the licence areas and have been shown by nearby operators to be potentially upgradeable to a fines product of 65% *Fe*. Field activities have been completed at the Madina project for which a technical report is planned once all the results have been received.

Through these series of strategic investments in West Africa, the Company commenced trading on AIM on 9 January 2012, following a 10p placing, and since readmission has been one of the best performing mining stocks for 2012. The Company opened the year trading at 14p with a market capitalization of £26.3 million, rising to a high of 92.25p in early July with a market capitalization of £248.5 million.

The changing face of iron ore

As we enter this new chapter in the Company's growth, structural and dynamic changes in the global iron ore marketplace have been at work, driven primarily by China which accounts for over 60 per cent of the global market. In an effort to exert more influence over pricing and future resource requirements, China is reportedly planning to diversify its iron ore imports and increase the ratio from foreign *independent* miners to 50%, thereby reducing its dependence on the major global players, Rio Tinto, BHP Billiton and Vale. It has also stated its intention to own half of all foreign iron ore resources that it imports by 2015. We believe these changing currents will have a positive impact on explorer-developers, and in particular the Company with large DSO exploration targets and access to coastal infrastructure.

The Company's management believes that the long-term structural fundamentals for iron ore markets are positive as steepening costs associated with proposed expansions in the traditional iron ore producing centres in Australia and Brazil and the high cost of Chinese domestic production will drive demand and investment towards high grade, undervalued supply sources such as those to be found in the emerging iron ore frontier of West Africa.

Stephen Dattels	**Jim Mellon**
Executive Co-Chairman & CEO	Non-Executive Co-Chairman
20 August 2012	20 August 2012

Consolidated statement of comprehensive income

for the year ended 31 March 2012

	Notes	**Year ended 31 March 2012**	Year ended 31 March 2011
		£	£
Income			
Unrealised loss on investments		-	(13,074,226)
Realised gains on investments		-	12,880,877

	-	(193,349)
Expenses		
Directors' fees	**(696,157)**	(196,495)
Salaries and wages	**(36,173)**	-
Consultants' fees	**(5,288)**	-
Professional fees	**(1,640,868)**	(258,227)
Commission on sale of investment	**-**	(329,953)
Administrative expenses	**(420,020)**	(66,204)
Share options and warrants	**(483,788)**	-
Other costs	**(99,521)**	(15,513)
Exchange losses	**(191,074)**	(34,345)
Loss before finance income	**(3,572,889)**	(1,094,086)
Finance income	**12,910**	88,049
Loss before income tax	**(3,559,979)**	(1,006,037)
Taxation	**-**	-
Loss after income tax	**(3,559,979)**	(1,006,037)
Other comprehensive income - foreign currency translation reserve	**350,921**	-
Total comprehensive loss for the year	**(3,209,058)**	(1,006,037)
Loss attributable to:		
Owners of the Company	**(3,000,857)**	(1,006,037)
Non-controlling interest	**(559,122)**	-
Loss for the year	**(3,559,979)**	(1,006,037)
Total comprehensive loss attributable to:		
Owners of the Company	**(3,063,552)**	(1,006,037)
Non-controlling interest	**(145,506)**	-
Total comprehensive loss for the year	**(3,209,058)**	(1,006,037)
Basic and diluted loss per share	**(0.0281)**	(0.0142)

The Directors consider that all results derive from continuing activities.

Consolidated statement of financial position

as at 31 March 2012

	Notes	At 31 March 2012 £	At 31 March 2011 £
Non-current assets			
Property, plant and equipment		307,165	-

Deferred mine exploration costs	2,481,177	-
Exploration permits	11,798,193	-
Goodwill	858,275	-
	15,444,810	-
Current assets		
Cash and cash equivalents	10,639,862	10,000,643
Trade and other receivables	272,273	12,204
Total current assets	10,912,135	10,012,847
Total assets	26,356,945	10,012,847
Equity		
Share premium	43,838,819	15,804,554
Equity share based payment reserve	-	97,305
Share options reserve	29,546	-
Share warrants reserve	534,242	-
Foreign currency translation reserve	(62,695)	-
Retained deficit	(18,517,934)	(5,937,863)
Shareholders' equity	25,821,978	9,963,996
Non-controlling interest	14,735	-
Total equity	25,836,713	9,963,996
Current liabilities		
Trade and other payables	520,232	48,851
Total liabilities	520,232	48,851
Total equity and liabilities	26,356,945	10,012,847

These financial statements were approved by the board of directors on 20 August 2012 and were signed on their behalf by:

Denham Eke

Director

Consolidated statement of changes in equity

for the year ended 31 March 2012

	Notes	Share premium	Share option reserves	Share warrants reserves	Share based payment reserves	Foreign currency translation reserve	Retained earnings /(losses)	Total shareholders' Equity	Minority Interest	Total
		£	£	£	£	£	£	£	£	£
Balance at 1 April 2011		**15,804,554**	**-**	**-**	**97,305**	**-**	**(5,937,863)**	**9,963,996**	**-**	**9,963,996**
Total comprehensive loss for the year										
Loss for the year		-	-	-	-	-	(3,000,857)	(3,000,857)	(559,122)	(3,559,979)
Other comprehensive gain for the year				-						
- foreign currency translation reserve		-	-		-	(62,695)	-	(62,695)	413,616	350,921
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Shares issued for cash subscription		5,250,000	-	-	-	-	-	5,250,000	-	5,250,000
Shares issued in lieu of directors' fees		129,206	-	-	(129,206)	-	-	-	-	-
Shares issued in settlement of subsidiary acquisitions		22,655,059	-		-	-	-	22,655,059	-	22,655,059
Share based payment transactions		-	29,546	534,242	31,901	-	-	595,689	-	595,689
Changes in ownership interests in subsidiaries										
Fair value of minority interest on acquisition of non-controlling interest		-	-	-	-	-	(9,579,214)	(9,579,214)	12,759,500	3,180,286
Non-controlling interest share buy back		-	-	-	-	-	-	-	(381,690)	(381,690)
Non-controlling interest acquisition		-	-	-	-	-	-	-	(12,217,569)	(12,217,569)
Balance at 31 March 2012		**43,838,819**	**29,546**	**534,242**	**-**	**(62,695)**	**(18,517,934)**	**25,821,978**	**14,735**	**25,836,713**
Balance at 1 April 2010		**15,245,789**	**1,201,674**	**-**	**201,124**	**-**	**19,218,597**	**35,867,184**	**-**	**35,867,184**
Total comprehensive loss for the year										
Loss for the year		-	-	-	-	-	(1,006,037)	(1,006,037)	-	(1,006,037)

Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Increase in share based payment reserve	-	-	-	97,305	-	-	97,305	-	97,305
Exercise of share options	357,641	(1,201,674)	-	-	-	1,201,674	357,641	-	357,641
Dividend payments	-	-	-	-	-	(25,352,097)	(25,352,097)	-	(25,352,097)
Shares issued in lieu of directors' fees	201,124	-	-	(201,124)	-	-	-	-	-
Balance at 31 March 2011	**15,804,554**	**-**	**-**	**97,305**	**-**	**(5,937,863)**	**9,963,996**	**-**	**9,963,996**

Consolidated statement of cash flows

for the year ended 31 March 2012

	Notes	**For the year ended 31 March 2012**	For the year ended 31 March 2011
		£	£
Cash flows from operating activities			
Loss before income tax		**(3,559,979)**	(1,006,037)
Adjusted for non-cash and non-operating items:			
Depreciation		**12,248**	-
Share based payment charge		**31,901**	97,305
Share options and warrants		**483,788**	-
Unrealised loss on investments		**-**	13,074,226
Realised gains on investments		**-**	(12,880,877)
Finance income		**(12,910)**	(88,049)
		(3,044,952)	(803,432)
Change in trade and other receivables		**(240,642)**	(6,885)
Change in trade and other payables		**367,855**	(4,395)
Net cash used in operating activities		**(2,917,739)**	(814,712)
Cash flows from investing activities			
Property, plant and equipment acquisition		**(282,491)**	-
Amount paid for capitalised deferred mine exploration cost		**(1,910,276)**	-
Amount paid in cash for purchase of investments		**-**	(316,285)
Proceeds from sale of investments		**-**	18,361,091
Net loan advanced to subsidiary prior to acquisition		**(466,675)**	-
Cash acquired on acquisition of subsidiary		**86,165**	-
Net cash (used in) / generated from investing activities		**(2,573,277)**	18,044,806
Cash flows from financing activities			
Interest received		**12,910**	88,049
Cash proceeds from issue of shares		**5,250,000**	-
Cash proceeds from issue of shares to minority interest		**898,095**	-
Amount paid to minority interest for shares bought back		**(381,690)**	-
Exercise of share options		**-**	357,641
Dividends paid to equity holders		**-**	(25,352,097)
Net cash generated from / (used in) financing activities		**5,779,315**	(24,906,407)
Effect of foreign exchange movement on cash		**350,920**	-
Increase / (decrease) in cash and cash equivalents		**639,219**	(7,676,313)

Cash and cash equivalents at beginning of year		**10,000,643**	17,676,956
Cash and cash equivalents at end of year		**10,639,862**	10,000,643

	Notes	**For the year ended 31 March 2012**	For the year ended 31 March 2011
		£	£
Significant non-cash transactions			
Conversion of loan into equity interest		**466,675**	-
Shares issued in settlement of acquisition of minority interest in Ferrum Resources Limited		**8,705,791**	-
Shares issued in settlement of acquisition of minority interest in CMC Guernsey		**13,949,268**	-

Notes

(forming part of the consolidated financial statements for the year ended 31 March 2012)

1 Reporting Entity

West African Minerals Corporation (formerly Emerging Metals Limited) (the "Company" or "WAFM") is a company domiciled in the British Virgin Islands. The Company's strategic objective is to acquire holdings in natural resources companies and/or physical resource assets which the Directors believe are undervalued and where such a transaction has the potential to create value for Shareholders. The Directors intend to take an active role in the management of such investments and estimate that they will be held for periods of up to five years.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of measurement

Functional and Presentation Currency

The consolidated financial statements of the Group are presented in Pounds Sterling which is the Company's functional currency.

Use of estimates and judgment

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant estimates and assumptions include those related to goodwill, recoverability of mineral properties and determination as to whether costs are expensed or deferred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, see note 10). The results of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Business combination

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, the impact of potential voting rights that currently are exercisable should be considered. All potential voting rights are taken into account, whether held by Group or by other parties. Such potential voting rights may take many forms, including call options, warrants, convertible shares and contractual arrangements to acquire shares. Only those rights that either would give the entity voting power or that would reduce another party's voting rights are considered.

Non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill as the excess of the sum of fair value of the consideration transferred, the recognised amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the consolidated statement of comprehensive income.

Subsequent to initial recognition, goodwill and intangible assets with indefinite useful lives are measured at cost or in some cases at revalued amount less accumulated impairments. Goodwill and intangible assets with indefinite useful lives are not amortised, but instead are subject to impairment testing at least annually including the end of the initial accounting period.

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Foreign currency transactions
Transactions in foreign currencies are translated into functional currency based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into functional currency at the exchange rate prevailing at the reporting date. Gains or losses arising from foreign currency transactions are recognized in the profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined or if measured at historical cost are translated using the exchange rate at the date of transaction. The assets and liabilities of foreign operations are translated to pounds sterling at exchange rates at the reporting date while income and expenses are translated at exchange rates at date of transactions although if not practically available, the average rate for the period is used. Gains or losses arising are recognised in other comprehensive income.

Deferred mine exploration costs
The Company deems that all expenditure incurred in the country of the project, relating to exploratory activities, in addition to the acquisition costs of an existing, granted exploration permit or license, is capitalisable as deferred mine costs once a license or permit has been obtained for exploratory activities. Pre-licence costs are expensed in the period in which they are incurred. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised

Exploration expenditures relate to the initial search for mineral deposits with economic potential as well as expenditures incurred for the purposes of obtaining more information about existing mineral deposits. Exploration expenditures typically comprise costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies;
- exploratory drilling and sampling for the purposes of obtaining core samples and the related metallurgical assay of these cores; and
- drilling to determine the volume and grade of deposits in an area known to contain mineral resources or for the purposes of converting mineral resources into proven and probable reserves.

The assessment of probability is based on the following factors: results from previous drill programmes; results from a geological study; results from a mine scoping study confirming economic viability of the resource; and preliminary estimates of the volume and grade of the deposit, and the net cash flows expected to be generated from its development.

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether future economic benefits will arise either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Deferred mine exploration cost are capitalized to the extent that they do not exceed economically recoverable amount from mineral interests. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised in written off in the consolidated statement of comprehensive income in the period when the new information becomes available. Management reviews the carrying values of its deferred mine exploration costs at least annually and whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognised when the carrying value of those assets is not recoverable and exceeds their fair value.

These costs are carried forward provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has not expired during the period or will expire in the near future, and is expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is either budgeted or planned;
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Upon reaching commercial production, these capitalized costs will be transferred from development properties to producing properties on the Consolidated Statement of Financial Position and will be amortized using the unit-of-production method over the estimated period of economically recoverable reserves.

Exploration permits

Exploration permits acquired by way of an asset acquisition or business combination are recognised if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. On acquisition of a mineral property in the exploration stage, we prepare an estimate of the fair value attributable to the exploration potential, including mineral resources, if any, of that property. The fair value of the exploration permits is recorded as an intangible asset (acquired exploration permits) as at the date of acquisition. When an exploration stage property moves into development, any acquired exploration intangible asset balance attributable to that property is transferred to non-depreciable mining interests within property, plant and equipment. Impairment testing and the reversal of impairments are conducted in accordance with accounting policy adopted for deferred mine exploration costs.

Mineral property expenses

Mineral property expenses are costs incurred that do not qualify for capitalization and are therefore expensed as incurred. These include payments for costs incurred prior to obtaining licences.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:
- Buildings and improvements 10 years
- Transportation equipment 5 years
- Office furniture and fittings 3 years
- Tools and equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Finance income and finance costs
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Financial instruments
Measurement
Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Trade and other receivables
Trade and other receivables are stated at amortised costs using the effective interest method less impairment losses.

Cash and cash equivalents
Cash and cash equivalents are measured at amortised costs and are due on demand. Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less

that are subject to insignificant risk of changes in fair value and used by the Group in management of its short term commitments.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised costs using the effective interest method.

Share premium
Ordinary shares are classified as equity. The ordinary shares of the Company have a nil par value. As such all proceeds received for the issue of shares has been credited to share premium. Proceeds from the exercise of stock options or conversion of share purchase warrants are recorded in share premium at the amount received on exercise or conversion. Commissions paid to underwriters or agents and other related share issue costs, such as legal, accounting and printing, are charged to share premium.

Share based payments
The Company grants share options to directors, officers and employees of the Company under its incentive stock option plan. The fair value of the instruments granted is measured using Black-Scholes option pricing model, taking into account the terms and conditions upon which the instruments are granted and are expensed over their vesting period. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results.

The fair value of the awards is adjusted by the estimate of the number of awards that are expected to vest as a result of non-market conditions and is recognized over the vesting period using an accelerated method of amortization. At each reporting period date, the Company revises its estimates of the number of options that are expected to vest based on the nonmarket vesting conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity. Share-based compensation relating to share options is charged to the Consolidated Statements of Comprehensive Income.

Warrants
The fair value of warrants is calculated using the Black-Scholes option pricing model and is recognized as expense over the vesting period where applicable with a corresponding increase in equity. On determining the fair values, terms and conditions attaching to the warrants are taken into account. Management is also required to make certain assumptions and estimates regarding such items as the life of options, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results.

Segment reporting
Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities and head office expenses.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year, and have not been applied in preparing these consolidated financial statements:

New/Revised International Accounting Standards / International Financial Reporting Standards (IAS/IFRS)	Effective date (accounting periods commencing on or after)
IAS 1 Presentation of Financial Statements- amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 2012
IAS 19 Employee Benefits - Amendment resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)	1 January 2013
IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	1 January 2013
IFRS 9 Financial Instruments - Classification and Measurement	1 January 2015
IFRS 10 Consolidated Financial Statements*	1 January 2013
IFRS 11 Joint Arrangements*	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities*	1 January 2013
IFRS 13 Fair Value Measurement*	1 January 2013

** Original issue May 2011*

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

Tax

Tax expense comprises current and deferred tax which is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity and other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax in previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.