

West African Minerals Corporation

(Formerly Emerging Metals Limited)

Consolidated Financial statements

For the year ended 31 March 2012

Registration number: 1415559

West African Minerals Corporation

(formerly Emerging Metals Limited)

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West African Minerals Corporation

(formerly Emerging Metals Limited)

Corporate information

Registered Office	Craigmuir Chambers Road Town Tortola British Virgin Islands
Secretary	Denham Eke 4 th Floor Viking House Nelson Street Douglas Isle of Man IM1 2AH
Nominated Adviser and Joint Broker	Beaumont Cornish Limited 2nd Floor Bowman House 29 Wilson Street London EC2M 2SJ
Joint Broker	Investec Bank plc 100 Wood Street London EC2V 7AN
Registrar	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier, Jersey JE1 1ES
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN
Legal Advisers	Kerman & Co LLP 200 Strand London WC2R 1DJ
Depositary	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol BS13 8AE
Administrator	Burnbrae Limited 4 th Floor Viking House Nelson Street Douglas Isle of Man IM1 2AH

West African Minerals Corporation

(formerly Emerging Metals Limited)

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

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 ("WAFM" or the "Company") 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.

West African Minerals Corporation

(formerly Emerging Metals Limited)

Chairmen's statement (continued)

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 non-controlling 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 £1.64 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.

West African Minerals Corporation

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Chairmen's statement (continued)

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.

West African Minerals Corporation

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Chairmen's statement (continued)

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

Executive Co-Chairman & CEO

Jim Mellon

Non-Executive Co-Chairman

West African Minerals Corporation

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Directors' Report

The Directors present their annual report and the audited financial statements for West African Minerals Corporation ("WAFM" or the "Company") for the year ended 31 March 2012.

Principal activity

The Company seeks investment opportunities across all types of natural resources projects. This investing policy permits the review and consideration of potential investments in not just metals and metals projects, but also investment in all types of natural resources projects, including but not limited to all metals, minerals and hydrocarbon projects, or physical resource assets on a worldwide basis.

On 8 December 2011, the Company changed its name to West African Minerals Corporation.

Results and transfer to reserves

The results and transfers to reserves for the year are set out on page 9 - 14.

The Group made a total comprehensive loss for the year after taxation of £3,209,058 (2011: loss of £1,006,037).

Dividend

The Directors do not propose a payment of dividend during the year (2011: £25,352,097).

Directors

The Directors who served during the year and to date were:

Mitchell Alland	(resigned 29 November 2011)
Denham Eke	
Stephen Dattels	
James Mellon *	
Patrick Weller *	(resigned 17 April 2012)
Bradford Mills	(appointed 23 April 2012)
Anton Mauve	(appointed 23 April 2012)
Gualtiero Giori *	(appointed 23 April 2012)
John Gerard Holden *	(appointed 23 April 2012)

* *non-executive*

Auditors

Our Auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office.

By order of the Board

Denham Eke

Secretary
20th August 2012

Craigmuir Chambers
Road Town
Tortola
British Virgin Islands

West African Minerals Corporation

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Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Group's financial statements in accordance with International Financial Reporting Standards.

The financial statements are required to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and to allow for the preparation of financial statements. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Parent Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

West African Minerals Corporation

(formerly Emerging Metals Limited)

Report of the Independent Auditors, KPMG Audit LLC, to the members of West African Minerals Corporation

We have audited the financial statements of West African Minerals Corporation (formerly Emerging Metals Limited) (the “Company” or the “Group”) for the year ended 31 March 2012 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the Company’s members, as a body. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors’ Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s affairs as at 31 March 2012 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

West African Minerals Corporation

(formerly Emerging Metals Limited)

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
			<u>(193,349)</u>
Expenses			
Directors' fees	17	(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	15	(483,788)	-
Other costs		(99,521)	(15,513)
Exchange losses		(191,074)	(34,345)
			<u>(1,094,086)</u>
Loss before finance income	4	(3,572,889)	(1,094,086)
Finance income		12,910	88,049
			<u>(1,006,037)</u>
Loss before income tax		(3,559,979)	(1,006,037)
Taxation	5	-	-
			<u>(1,006,037)</u>
Loss after income tax		(3,559,979)	(1,006,037)
Other comprehensive income - foreign currency translation reserve		350,921	-
			<u>(1,006,037)</u>
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)	-
			<u>(1,006,037)</u>
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)	-
			<u>(1,006,037)</u>
Total comprehensive loss for the year		(3,209,058)	(1,006,037)
Basic and diluted loss per share	19	(0.0281)	(0.0142)
			<u>(0.0142)</u>

The notes on pages 15 to 42 form part of these financial statements.

The Directors consider that all results derive from continuing activities.

West African Minerals Corporation

(formerly Emerging Metals Limited)

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	7	307,165	-
Deferred mine exploration costs	6	2,481,177	-
Exploration permits	10, 11	11,798,193	-
Goodwill	10	858,275	-
		<u>15,444,810</u>	<u>-</u>
Current assets			
Cash and cash equivalents		10,639,862	10,000,643
Trade and other receivables	13	272,273	12,204
		<u>10,912,135</u>	<u>10,012,847</u>
Total current assets		10,912,135	10,012,847
Total assets		26,356,945	10,012,847
Equity			
Share premium	8	43,838,819	15,804,554
Equity share based payment reserve	17	-	97,305
Share options reserve	15	29,546	-
Share warrants reserve	15	534,242	-
Foreign currency translation reserve		(62,695)	-
Retained deficit		(18,517,934)	(5,937,863)
		<u>25,821,978</u>	<u>9,963,996</u>
Shareholders' equity		25,821,978	9,963,996
Non-controlling interest		14,735	-
		<u>25,836,713</u>	<u>9,963,996</u>
Total equity		25,836,713	9,963,996
Current liabilities			
Trade and other payables	14	520,232	48,851
		<u>520,232</u>	<u>48,851</u>
Total liabilities		520,232	48,851
Total equity and liabilities		26,356,945	10,012,847

The notes on pages 15 to 42 form part of these financial statements.

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

Denham Eke

Director

20 August 2012

West African Minerals Corporation

(formerly Emerging Metals Limited)

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 £	Non-controlling 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	8	5,250,000	-	-	-	-	-	5,250,000	-	5,250,000
Shares issued in lieu of directors' fees	8, 17	129,206	-	-	(129,206)	-	-	-	-	-
Shares issued in settlement of subsidiary acquisitions	8, 10	22,655,059	-	-	-	-	-	22,655,059	-	22,655,059
Share based payment transactions	15,17	-	29,546	534,242	31,901	-	-	595,689	-	595,689
Changes in ownership interests in subsidiaries										
Fair value of non-controlling interest on acquisition of non-controlling interest	10	-	-	-	-	-	(9,579,214)	(9,579,214)	12,759,501	3,180,287
Non-controlling interest share buy back	10	-	-	-	-	-	-	-	(381,690)	(381,690)
Non-controlling interest on acquisition	10	-	-	-	-	-	-	-	(12,217,570)	(12,217,570)
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

The notes on pages 15 to 42 form part of these financial statements.

West African Minerals Corporation

(formerly Emerging Metals Limited)

Consolidated statement of changes in equity (continued)

for the year ended 31 March 2011

	Notes	Share premium £	Share option reserves £	Share warrants reserves £	Share based payment reserves £	Foreign currency translation reserve £	Retained earnings /(losses) £	Total shareholders' Equity £	Non-controlling Interest £	Total £
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	17	-	-	-	97,305	-	-	97,305	-	97,305
Exercise of share options	8, 15	357,641	(1,201,674)	-	-	-	1,201,674	357,641	-	357,641
Dividend payments	8	-	-	-	-	-	(25,352,097)	(25,352,097)	-	(25,352,097)
Shares issued in lieu of directors' fees	8, 17	201,124	-	-	(201,124)	-	-	-	-	-
Balance at 31 March 2011		15,804,554	-	-	97,305	-	(5,937,863)	9,963,996	-	9,963,996

The notes on pages 15 to 42 form part of these financial statements.

West African Minerals Corporation

(formerly Emerging Metals Limited)

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)
<i>Adjusted for non cash and non operating items:</i>			
Depreciation	7	12,248	-
Share based payment charge	17	31,901	97,305
Share options and warrants	15	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	7	(282,491)	-
Amount paid for capitalised deferred mine exploration cost	6	(1,910,276)	-
Amount paid in cash for purchase of investments		-	(316,285)
Proceeds from sale of investments		-	18,361,091
Loan advanced to subsidiary prior to acquisition	9	(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	8	5,250,000	-
Cash proceeds from issue of shares to non-controlling interest		898,095	-
Amount paid to non-controlling interest for shares bought back	10	(381,690)	-
Exercise of share options	8	-	357,641
Dividends paid to equity holders	8	-	(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

The notes on pages 15 to 42 form part of these financial statements.

West African Minerals Corporation

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Consolidated statement of cash flows (continued)

for the year ended 31 March 2012

	<i>Notes</i>	For the year ended 31 March 2012 £	For the year ended 31 March 2011 £
Significant non-cash transactions			
Conversion of loan into equity interest	9, 10	466,675	-
Shares issued in settlement of acquisition of non-controlling interest in Ferrum Resources Limited	10	8,705,791	-
Shares issued in settlement of acquisition of non-controlling interest in CMC Guernsey	10	13,949,268	-
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The notes on pages 15 to 42 form part of these financial statements.

West African Minerals Corporation

(formerly Emerging Metals Limited)

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, fair value of warrants and share options, recoverability of mineral properties and determination as to whether costs are expensed or deferred.

Going concern

The consolidated financial statements have been prepared on a going concern basis, taking into consideration the level of cash and cash equivalents presently held by the Group, in addition to the assessment of the Directors that the current projects in Sierra Leone and Cameroon remain viable. The Directors therefore have a reasonable expectation despite the economic uncertainty that the Company will have adequate resources and liquidity management (note 12) for its continuing existence and projected activities for the foreseeable future, and for these reasons, continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 March 2012.

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.

West African Minerals Corporation

(formerly Emerging Metals Limited)

Notes (continued)

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

3 Significant accounting policies (continued)

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 acquisition 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 losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

West African Minerals Corporation

(formerly Emerging Metals Limited)

Notes (continued)

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

3 Significant accounting policies (continued)

Basis of consolidation (continued)

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 and presented in the foreign currency translation reserve in equity.

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.

West African Minerals Corporation

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Notes (continued)

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

3 Significant accounting policies (continued)

Deferred mine exploration costs (continued)

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 is 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.

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Notes (continued)

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

3 Significant accounting policies (continued)

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. 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.

West African Minerals Corporation

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Notes (continued)

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

3 Significant accounting policies (continued)

Property, plant and equipment (continued)

Recognition and measurement (continued)

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 cash held in bank. Finance costs comprise interest expense and bank charges. Finance income and finance costs are recognised as they accrue in profit or loss, using the effective interest method.

Financial instruments

Measurement

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

West African Minerals Corporation

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Notes (continued)

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

3 Significant accounting policies (continued)

Financial instruments (continued)

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 share 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

Share option

The Company grants share options to directors, officers and employees of the Company under its incentive share option plan. Options may also be granted to person/company providing services to the Group as a consultant or otherwise. The fair value of the instruments granted is measured using Black-Scholes option pricing model (where no fair value of the service or assets provided is evident), 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 profit or loss in the Consolidated Statements of Comprehensive Income.

Warrants

The fair value of warrants is calculated using the Black-Scholes option pricing model (where no fair value of the service or assets provided is evident) 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 warrants, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results.

West African Minerals Corporation

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Notes (continued)

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

3 Significant accounting policies (continued)

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.

There has been no material impact on the Group financial statements of new standards/interpretations that have come into effect during the current reporting period.

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.

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Notes (continued)

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

4 Loss before finance income

Loss before finance income is stated after charging:

	31 March 2012	31 March 2011
	£	£
Auditors' fees	63,824	16,501
Auditors' fees – non audit services	137,138	-
Directors' fees	696,157	196,495
Depreciation	12,248	-
	<u> </u>	<u> </u>

5 Taxation

The British Virgin Islands under the International Business Companies Act 2004 imposes no corporate taxes or capital gains taxes. However, the Group may be liable for taxes in the jurisdictions where it is operating however, such operations are currently loss making.

The operating subsidiary in Cameroon incurred losses for tax purposes of £757,397. The corporate tax rate is 35%. Taking into account the 10% surcharge, the effective rate is 38.5%. The basic rate is reduced to 30% for the first three years a company is listed on the national stock exchange.

The operating subsidiary in Sierra Leone incurred losses for tax purposes of £960,968. For mining companies, the tax rate is 37.5% subject to additional tax on profits agreed between the Minister of Mines and Mineral Resources and the company. However, the deduction for any year of assessment must not be such that the tax payable will be less than 50% of the tax due if the loss is not carried forward.

Deferred tax assets on losses as at 31 March 2012 amounted to £651,961 of which £291,598 relates to Cameroon, available for utilisation for up to four years and £360,363 relates to Sierra Leone, which can be carried forward indefinitely. Deferred tax assets have not been recognised because there is insufficient evidence of the timing of suitable future profits against which they can be recovered. No deferred tax liability has been recognised as a result of the losses in the period. No deferred tax assets or liabilities existed at 31 March 2011.

6 Deferred mine exploration costs

	£
Costs capitalised at 1 April 2011	-
Cost acquired on acquisition of subsidiary	539,041
Costs capitalised during the year **	1,942,136
	<u> </u>
At 31 March 2012	<u>2,481,177</u>

** including capitalised depreciation expense of £31,860

Deferred mine exploration costs represent intangible assets. Equipment and other assets used in exploratory activities are capitalised in Property, Plant and Equipment. Depreciation charges in respect of these assets are capitalised in deferred mine exploration costs.

The CMC Exploration Permits comprise six permits for the exclusive rights to explore for iron ore and associated minerals in each of the Dja, Djadom, Lélé, Binga, Minko and Sanaga zones in Cameroon covering a total area of approximately 6,000 square kilometers pursuant to exploration permits 234, 226, 225, 224, 236 and 235. The licences were granted in September/October 2010 and are valid for three years, renewable for two additional periods of up to two years each. The permit area must be reduced by 50% at each renewal. The CMC Exploration Permits are held by CMC Cameroon. Total cost capitalised in respect of this project was £1,581,457 of which £391,038 were already capitalised when WAFM acquired interest in CMC Guernsey.

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Notes (continued)

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

6 Deferred mine exploration costs (continued)

The Sierra Leone Licences comprise five exploration licences (EL.05/11, EL.06/11, EL.07/11, EL.08/11 and EL.09/11) for the exclusive right to explore for all minerals over a total area of approximately 687 square kilometres. Three of the Sierra Leone Licences (EL.05/11, EL.06/11 and EL.07/11) are held by Ingwe Investments Limited and the other two are held by Tanziron Resources Limited (EL.08/11 and EL.09/11). Total cost capitalised in respect of the Sierra Leone project was £899,720 of which £148,003 were already capitalised when WAFM acquired interest in Ferrum Resources.

The Company assessed the deferred mine costs for impairment as at 31 March 2012 and considered that the recoverable amount of these assets exceeded the carrying amount and as such, no impairment was recognized. This assessment was based upon the proximity of the transaction to the reporting date. There have been no indication of impairment since acquisitions and exploration activities to date have been positive.

7 Property, plant and equipment

Group	Leasehold improvements	Office furniture, tools & equipment	Transportation equipment	Total
	£	£	£	£
Cost				
At 1 April 2011	-	-	-	-
Acquired on acquisition of subsidiary	-	-	70,410	70,410
Additions	27,347	140,070	115,074	282,491
As at 31 March 2012	27,347	140,070	185,484	352,901
Depreciation				
At 1 April 2011	-	-	-	-
Acquired on acquisition of subsidiary	-	-	1,628	1,628
Charge for the year - expensed	-	4,847	7,401	12,248
Charge for the year - capitalised	1,424	13,946	16,490	31,860
As at 31 March 2012	1,424	18,793	25,519	45,736
Net book value				
As at 31 March 2012	25,923	121,277	159,965	307,165

The Group had no fixed assets during the year ended 31 March 2011.

8 Capital and reserves

Share capital and premium

The Company is authorised to issue an unlimited number of no par value shares of a single class. The Company may issue fractional shares and a fractional share shall have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares. Shares may be issued in one or more series of shares as the Directors may by resolution determine from time to time.

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Notes (continued)

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

8 Capital and reserves (continued)

Share capital and premium (continued)

Each share in the Company confers upon the shareholder:

- the right to one vote at a meeting of the shareholders or on any resolution of shareholders;
- the right to an equal share in any dividend paid by the Company; and
- the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

The Company may by resolution of Directors redeem, purchase or otherwise acquire all or any of the shares in the Company subject to regulations set out in the Company's Articles of Incorporation.

Authorised

The Company is authorised to issue an unlimited number of nil par value shares of a single class.

	Date	Issue price	Shares	£
Issued ordinary shares of Nil par value				-
<i>Share premium</i>				
At 1 April 2010			344,464,479	15,245,789
Shares issued in lieu of directors' fees	20/04/2010	£0.05089	3,952,084	201,124
Exercise of options	13/04/2010	£0.0500	7,152,823	357,641
			<u> </u>	<u> </u>
At 31 March 2011			355,569,386	15,804,554
			<u> </u>	<u> </u>
At 1 April 2011			355,569,386	15,804,554
Shares issued in lieu of directors' fees	07/06/2011	£0.028	2,384,200	66,666
Private placement	03/10/2011	£0.02	100,000,000	2,000,000
Shares issued in lieu of directors' fees	09/11/2011	£0.028	2,233,973	62,540
5:1 share consolidation	15/12/2011		(368,150,012)	-
Ferrum Resources non-controlling interest acquisition (see note 10)	06/01/2012	£0.1375	63,314,845	8,705,791
Private placement	06/01/2012	£0.10	32,500,000	3,250,000
CMC Guernsey non-controlling interest acquisition (see note 10)	15/03/2012	£0.1962	71,097,187	13,949,268
			<u> </u>	<u> </u>
At 31 March 2012			258,949,579	43,838,819
			<u> </u>	<u> </u>

On 1 December 2011, the Company exercised the option to acquire the non-controlling interest in Ferrum Resources with the transfer of share ownership being completed on 6 January 2012. Total consideration paid by WAFM comprised (1) issue of 63,314,845 new ordinary shares (2) grant of warrants over a further 11,456,000 new ordinary shares and (3) grant of options over a further 1,002,400 new ordinary shares (see further details in note 10). In accordance with section 48 of the Companies Act, the share premium cost to be credited should be 13.1845 pence per share being the 30-trading day volume weighted average price of ordinary shares of the Company. For accounting purposes, the share price used in calculating the fair value of share premium was 13.75 pence being the closing bid price at the time the transaction was completed. This reflects the actual fair value of the transaction in accordance with IFRS.

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Notes (continued)

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

8 Capital and reserves (continued)

Share capital and premium (continued)

On 8 December 2011, the Board of Directors of the Company resolved to consolidate all of the existing issued ordinary shares of no par value in the share capital of the Company at a ratio of 5 to 1 and that fractional entitlements to consolidated shares be rounded up to the nearest whole share (the "Share Consolidation"). Following the Share Consolidation the total issued share capital of the Company was 92,037,547.

On 15 March 2012, Ferrum acquired the remaining 34.51% interest in CMC Guernsey held by the non-controlling shareholders. As consideration for the acquisition, WAFM has issued to the non-controlling shareholders a total of 71,097,187 new ordinary shares in the Company. In accordance with section 48 of the Companies Act, the share premium cost to be credited should be 18.2997 pence per share being the 30-trading day volume weighted average price of ordinary shares of the Company to 15 March 2012. For accounting purposes, the share price used in calculating the fair value of share premium was 19.62 pence being the closing bid price at the time the transaction was completed. This reflects the actual fair value of the transaction in accordance with IFRS.

Capital Management

The Group manages its capital to maximize the return to the shareholders through the optimization of equity. The capital structure of the Group at 31 March 2012 consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed.

The Group manages its capital structure and makes adjustments to it, in light of economic conditions and the strategy approved by shareholders. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and release the Company's share premium account. No changes were made in the objectives, policies or processes during the years ended 31 March 2012 and 31 March 2011.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translations of the financial statements of foreign operations for consolidation.

Share options and warrants reserve

These reserves comprise the fair value of options and warrants in issue as at 31 March 2012. A reconciliation and methodology used in determining the fair values are set out in notes 15 and the significant accounting policies in note 3.

Dividends

On 16 April 2010, the Board of Directors approved the declaration of a special dividend of 7.13 pence per share. Total dividend paid on 18 May 2010 was £25,352,097. No dividends were paid or proposed by the Directors for the year ended 31 March 2012.

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Notes (continued)

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

9 Loan receivable

The Company entered into the following loan arrangements during the period:

- i. On 20 April 2011, the Company entered into a convertible loan agreement with Ferrum Resources Limited ("Ferrum"), under which the Company advanced £466,675 (US\$752,500), repayable in full in cash on 31 October 2011, or at any time earlier by conversion into 2,467,213 new ordinary shares in the capital of Ferrum at an effective price of US\$0.305 each. On 3 June 2011, the Company exercised this option and the loan was deemed repaid (see Note 10).
- ii. On 3 June 2011, the Company advanced £4,191,110 (US\$7,000,000) to Ferrum as bridging finance for a proposed acquisition by Ferrum of 63.5% of the issued share capital of CMC Guernsey Limited (see note 10). The Bridging Loan is secured against the assets of Ferrum, bears interest charged at a rate of 9% per annum and is repayable together with interest 15 days after the Company confirms in writing that it requires repayment of the loan. Total interest accrued on this loan as at 31 March 2012 was £328,238 (US\$521,260).
- iii. On 29 August 2011, the Company advanced a further £242,489 (US\$400,000) loan to Ferrum to meet its immediate cash requirements to fund its on-going exploration programme in Sierra Leone. The loan is secured against the assets of Ferrum, bears interest charged at a rate of 10% per annum and is repayable together with interest 15 days after the Company confirms in writing that it requires repayment of the loan. Total interest accrued on this loan as at 31 March 2012 was £14,901 (US\$23,452).
- iv. By loan agreement dated 27 September 2011, the Company advanced £1,000,000 to Ferrum. The loan is secured against the assets of Ferrum, bears interest charged at 10% per annum and is (unless agreed otherwise in writing by the parties) repayable together with interest 15 days after the Company confirms in writing that it requires repayment of the loan. Total interest accrued on this loan as at 31 March 2012 was £51,233.

10 Investment in subsidiary undertakings

Acquisition of Ferrum Resources Limited

On 9 May 2011 the Company executed a put and call option agreement with Ferrum Resources Limited, an iron ore exploration and development company with interests in Sierra Leone, Guinea and Central African Republic. Under the terms of the Option Agreement, Ferrum granted the Company a call option, for a consideration of US\$1. Under this option, the Company could exercise its right to subscribe for 26,228,570 new ordinary shares of Ferrum at a price of US\$0.305 per share. On 3 June 2011, the Company exercised this option. Total consideration paid was £4,805,799 (US\$7,999,714) comprising of cash payment of £4,339,124 (US\$7,247,214) and conversion of existing £466,675 (US\$752,500) Ferrum loan, see Note 9. The new Ferrum shares represent 37.23% of Ferrum's issued share capital.

In accordance with the terms of the option agreement, Jim Mellon and Denham Eke were appointed to the board of Ferrum with Mr. Mellon assuming the interim role of Chairman. As at the date of acquisition, WAFM and Ferrum had common shareholders.

Concurrent with advancing the Bridging Loan (see Note 9), the Company entered into an option agreement with the holders of all the remaining issued Ferrum ordinary shares (the "Ferrum Option") giving the Company the right, but not the obligation, to acquire all the issued and to be issued shares of Ferrum not already owned by the Company for a consideration of US\$0.305 per share, to be satisfied by the issue of 7.16 new ordinary shares in the Company at an effective issue price of 2.6369 pence per share (or 13.1845 per share post share consolidation) for each Ferrum share acquired, such option exercisable before 31 January 2012.

West African Minerals Corporation

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Notes (continued)

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10 Investment in subsidiary undertakings (continued)

Acquisition of Ferrum Resources Limited (continued)

On 1 December 2011, the Company exercised the Ferrum Option with the transfer of share ownership completed on 6 January 2012. Total consideration paid by WAFM comprised (1) issue of 316,574,265 new ordinary shares (or 63,314,845 new ordinary shares post the Share Consolidation – see note 8) based on the current issued share capital of Ferrum, at an aggregate cost of £8,347,746 or 13.1845 pence per share, the 30-trading day volume weighted average price (2) grant of warrants over a further 57,280,000 new ordinary shares (or 11,456,000 (see note 15) share warrants post the Share Consolidation), each for a term of five years and with an exercise price per share of 4.88 pence (or 24.2 pence per share post the Share Consolidation), and (3) grant of options over a further 5,012,000 new ordinary shares (or 1,002,400 (see note 15) post the Share Consolidation) in respect of Ferrum employee options, exercisable for five years at a price of 13.62 pence per share (together “the Consideration shares”). The exercise of the option constituted a reverse takeover under the AIM Rules for Companies, under rule 14 as a result of fundamental change in its business due to the acquisition of Ferrum Resources Limited. However this transaction was not deemed a reverse takeover under IFRS 3 as the pre-existing WAFM shareholders held a majority of the enlarged share capital post exercise of the option.

Control assessment

In accordance with the Group’s accounting policy, management assessed that WAFM is the controlling parent company of Ferrum from the point when it acquired the first 37.23% due to apparent presence of control and power to govern Ferrum as at that time. In assessing this control, management considered a variety of factors such as presence of 100% option exercisable at the Company’s discretion, Board representation, ownership commonality and level of funding provided by the Company (see Note 9). The consolidated financial statements of the Group included the financial information of Ferrum from the date that control is obtained by the Company.

The table below summarises the total cash consideration paid on acquisition of 37.23% interest in Ferrum. This consideration was retained in Ferrum for utilisation in subsequent exploration projects. The major classes of assets and liabilities assumed at the acquisition date comprise cash of £86,165, other assets of £22,483, intangible assets of £370,154, deferred mine exploration costs of £148,003, fixed assets of £68,781 and net loan, trade payables of £586,967 and share option reserve of £80,000. The fair value of net assets attributable to non-controlling interest at acquisition date was £8,102,606. Intangible asset amounting to £8,003,987 attributable to the fair value of exploration permits in Cameroon and Sierra Leone previously unrecognised was capitalised by the Group as a result of the business combination.

	£
<i>Consideration paid on acquisition of 37.23% interest in Ferrum</i>	
Acquisition of 2,467,213 shares in Ferrum through loan conversion	466,675
Acquisition of 23,761,357 shares in Ferrum through cash funding	4,339,124
	<hr/>
	4,805,799
	<hr/> <hr/>

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Notes (continued)

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10 Investment in subsidiary undertakings (continued)

Acquisition of Ferrum Resources Limited (continued)

The table below summarises the total cost paid on acquisition of remaining 62.77% interest in Ferrum owned by non-controlling interest (“NCI”). Whilst the Ferrum Option agreement states that the share premium will be credited at 13.1845 pence per share being the 30-trading day volume weighted average price of ordinary shares of the Company, in accordance with the accounting policy adopted by the Group on acquisitions, the closing bid price of 13.75 pence per share at the date of transaction was used in calculating the fair value of consideration given.

	£
<i>Consideration paid on acquisition of 62.77% interest in Ferrum</i>	
- settled by way of issue of new WAFM shares (Note 8)	8,705,791
Fair value of NCI share in net assets of Ferrum at 3 June 2011	8,102,606
NCI share in net loss of Ferrum from 3 June 2011 to 06 January 2012	(544,613)
NCI share in other comprehensive income (foreign exchange gain) of Ferrum from 3 June 2011 to 6 January 2012	289,523
	<hr/>
Value of MI share in net liabilities of Ferrum at 6 January 2012	7,847,516
Goodwill	858,275
	<hr/> <hr/>

Total costs incurred in relation to acquisition of Ferrum Resources was £652,016 which were expensed.

As at 31 March 2012, WAFM is the ultimate parent and controlling company of Ferrum and of its subsidiaries. The consolidated income, expenses and net losses of Ferrum Resources and its subsidiaries from date of acquisition to 31 March 2012 were £1,324, £1,490,897, £1,489,573, respectively.

Goodwill

Management have considered the benefits and synergies from combining operation of the Company and acquired entities based on its plans and intentions. The acquisition of Ferrum and its subsidiaries resulted in many benefits to the Company including additional cash resources which increased the liquidity of the Company and the benefit of sharing available resources and technical experience of manpower involved in exploration projects in Cameroon and Sierra Leone.

The Company assessed the goodwill for impairment as at 31 March 2012 and considered that the recoverable amount for the acquired entities exceeded the carrying amount and as such, no impairment was recognized. This assessment was based upon the proximity of the transaction to the reporting date. There have been no indication of impairment since acquisitions and exploration activities to date have been positive.

Acquisition of Ferrous Africa Limited

On 19 April 2011, prior to the purchase by WAFM, Ferrum Resources Limited entered into an option deed to acquire the entire issued and unissued share capital of Ferrous Africa Limited, a BVI registered company for a total consideration of £466,675 (US\$752,500). The option was exercised on 20 April 2011. The fair value of net assets acquired was £96,521 (comprising of cash of £66,179, deferred mine exploration cost of £41,878 and other net liabilities of £11,536). Intangible asset amounting to £370,154 attributable to the fair value of exploration permits previously unrecognised was capitalised as a result of the transaction.

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Notes (continued)

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10 Investment in subsidiary undertakings (continued)

Acquisition of Ferrous Africa Limited (continued)

Ferrous Africa holds a 75% interest in five exploration licences for iron ore and other minerals in Sierra Leone. The licences are valid for four years from the date of issuance (17 January 2011). Ferrous Africa Limited holds a 25% interest in each Sierra Leone licence in trust for the benefit of Sierra Resources Ltd., which is a free carried interest until completion of a definitive feasibility study on the respective Sierra Leone licence. After that time, Sierra Resources Ltd. is required to fund project expenditure pro rata in respect of its interest or face dilution. The Group is the operator of the Sierra Leone Licences.

Acquisition of CMC Guernsey

On 6 June 2011, the Company's subsidiary Ferrum Resources entered into an agreement to subscribe for new shares in CMC Guernsey Limited ("CMC Guernsey"), a newly incorporated Guernsey registered and incorporated company constituting 63.53% of its issued shares for a cash consideration of £8,082,855 (US\$13,500,000). This cash consideration was retained in CMC Guernsey post acquisition for future investment into CMC Cameroon. On 11 July 2011, Ferrum's subscription in CMC Guernsey was completed. No goodwill was recognised on this transactions as the shares acquired are new shares and all retained profit or loss pre this acquisition are all attributable to non-controlling interest. The major classes of consolidated assets and liabilities assumed at the acquisition date comprise cash £898,451 deferred mine exploration costs £391,038, exploration permits of £2,544,603, other assets £19,427 and trade payables of £76,072. The fair value of net assets attributable to non-controlling interest at acquisition date was £4,640,158.

On 19 January 2012, CMC Guernsey redeemed for cancellation 30,000 shares of its 1,000,000 issued shares for a total consideration of US\$637,500 (£381,690) from Generation Resources Holdings Limited, one of its non-controlling shareholders. As a result, Ferrum's shareholdings in CMC Guernsey increased to approximately 65.49%.

On 15 March 2012, Ferrum acquired the remaining 34.51% interest in CMC Guernsey held by the non-controlling shareholders. As consideration for the acquisition, WAFM issued to the non-controlling shareholders a total of 71,097,187 new ordinary shares in the Company. In accordance with section 48 of the Companies Act, the share premium cost to be credited should be 18.2997 pence per share being the 30-trading day volume weighted average price of ordinary shares of the Company to 15 March 2012. For accounting purposes, the share price used in calculating the fair value of consideration given was 19.62 pence being the closing bid price at the time the transaction was approved. This reflects the actual fair value of the transaction in accordance with IFRS. A total amount of £9,579,214 was debited to equity as a result of the business combination.

The acquisition of non-controlling interest is analysed as follows:

	£
Consideration paid: issue of new WAFM shares (Note 8)	13,949,268
Fair value of NCI share in net assets of CMC Guernsey at 11 July 2011	4,640,158
NCI share buy back	(381,690)
NCI share in net loss of CMC Guernsey from 11 July 2011 to 15 March 2012	(14,509)
NCI share in other comprehensive income (foreign currency gain) of CMC Guernsey from 11 July 2011 to 15 March 2012	126,095
Value of NCI share in net assets of CMC Guernsey at 15 March 2012	4,370,054
Acquisition of non-controlling interest attributable to equity	9,579,214

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10 Investment in subsidiary undertakings (continued)

Acquisition of CMC Guernsey (continued)

Total cost incurred in relation to acquisition of CMC Guernsey was £84,193 which were expensed.

The consolidated income, expenses and net losses CMC Guernsey and its subsidiary from date of acquisition to 31 March 2012 were £1,309, £41,091, £39,782, respectively.

Acquisition of CMC Cameroon

On 11 July 2011, regulatory approval in Cameroon was granted approving the transfer of 95% of the issued shares of Cameroon registered Compagnie Minière du Cameroun SA ("CMC Cameroon") from Generation Resources Limited ("Generation") to CMC Guernsey. This was effectively settled by way of issue of 94,117 shares of CMC Guernsey to Generation valued at £1,197,460 (US\$2m). CMC Cameroon holds six iron ore exploration licenses in Cameroon giving it the exclusive rights to explore for iron ore and related substances in areas referred to as Binga, Dja, Djadom, Lele, Minko and Sanaga in Cameroon pursuant to exploration permits 234, 226, 225, 224, 236 and 235.

The table below summarises the major classes of consideration transferred and the recognized amounts of assets and liabilities assumed at the acquisition date:

	£
<i>Consideration transferred</i>	
Shares for 95% interest (US\$2m)	1,197,460
<i>Identifiable assets acquired and liabilities assumed</i>	
Cash	356
Deferred mine exploration cost	391,038
Trade and other receivables	19,427
Advances and other payables	(76,073)
	<hr/>
Net assets recognised at acquisition date	334,748
	<hr/>
Share of non-controlling interest	16,737
Share of CMC Guernsey (95%)	318,011
	<hr/>
Fair value of previously unrecognised intangible assets attributable to exploration permits	879,449
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Disposal of investment in Ferrum Centrafrique

In accordance with a share purchase agreement entered into on 23 January 2012, Ferrum disposed of its interest in its wholly owned subsidiary Ferrum Centrafrique S.A. ("Ferrum Centrafrique") to AXMIN Inc, the Canada based gold exploration company ("AXMIN"). Ferrum Centrafrique is the Central African Republic ("CAR") registered company that has lodged exploration licence applications for iron ore over the Topa iron belt (the "Topa Applications") which are in the same areas licenced to AXMIN for gold exploration (the "Topa Project"). The Topa Applications were denied by letter dated 12 September 2011 and whilst the Group believes that the Topa Applications were validly submitted and that Ferrum Centrafrique has a priority right to be granted exploration permits for iron in the application area, it has not been successful in obtaining a revocation of that denial.

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Notes (continued)

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10 Investment in subsidiary undertakings (continued)

Disposal of investment in Ferrum Centrafrique (continued)

Material terms of the disposal include the following:

- AXMIN has acquired all the issued and outstanding shares of Ferrum Centrafrique.
- The Group stands to receive as deferred contingent consideration (subject to grant of the Topa Project exploration licences (the "Topa Licences") US\$10 million to be satisfied by the issue of new AXMIN shares ("AXMIN Shares"), provided that the new AXMIN shares represent less than 9.9 per cent. of AXMIN's issued share capital at that time.
- The AXMIN Shares will be issued 30 trading days after any announcement by AXMIN of the granting of the Topa Licences. AXMIN has a current market capitalisation on the TSX Venture Exchange of approximately C\$35 million.
- The new AXMIN Shares will be valued at the 20-day volume weighted average price (VWAP) of AXMIN's shares on the TSX-Venture Exchange for the period starting five days after the announcement by AXMIN of the grant of the Topa Licences.
- The Group stands to receive a free carry interest in relation to the Topa Project of US\$4 million plus any balance of US\$10 million not received in new AXMIN shares (subject to a maximum free carry interest of US\$10 million).
- The Group will receive a 25% interest in Ferrum Centrafrique following grant of the Topa Licences.

The Directors have concluded that the fair value of the contingent consideration is £nil as the likelihood of receipt is considered to be remote due to the denial of the licence applications and any future considerations are reliant on approval of licence on appeal which is unlikely. The Directors have also considered in their assessment the level of future administration costs involved in pursuing this project as well as the degree of political risks and exposure. The amount of loss recognised as a result of disposal was £13,000.

These consolidated financial statements include the results of the subsidiaries from the date the control is obtained to 31 March 2012 or the date the control ceases. As at 31 March 2012, the Group had the following subsidiaries:

Name of company	Place of incorporation	Ownership interest	Principal activity
Ferrum Resources Limited ("Ferrum") *	BVI	100%	Holding company of CMC, Ferrous Africa, Ferrum Guinea, Ferrous Benin and Ferrum Mauritania
CMC Guernsey Limited ("CMC")	Guernsey	100%	Holding company of CMC Cameroon
Compagnie Minière du Cameroun ("CMC Cameroon")	Cameroon	95%	Holds exploration licences in Cameroon
Ferrous Africa Limited ("Ferrous Africa")	BVI	100%	Holding company of Tanziron, Ingwe and Ferrous Benin
Tanziron Resources Limited ("Tanziron")	BVI	100%	Holds exploration licences in Sierra Leone
Ingwe Investments Limited ("Ingwe")	Guernsey	100%	Holds exploration licences in Sierra Leone
Ferrous Benin Limited ("Ferrous Benin")	BVI	100%	Dormant and is in the process of being struck off
Ferrum Resources Guinea S.A. ("Ferrum Guinea")	Guinea	100%	Holds exploration applications in Guinea
Ferrum Mauritania Limited ("Ferrum Mauritania")	BVI	100%	Established for a project that has been aborted. Currently dormant and is in the process of being struck off.
Ferrum Centrafrique	CAR	-	Disposed of on 23 January 2012 (as above)

* Held directly by WAFM. All other holdings are indirect

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11 Exploration permits

The Group recognised the fair value of intangible assets attributable to exploration permits (including those previously unrecognised) as a result of the following business combinations:

	Cameroon	Sierra Leone	Total
	£	£	£
Balance at 1 April 2011	-	-	-
Acquisition of initial interest in Ferrum Resources (note 10)	6,002,990	2,371,151	8,374,141
Acquisition of initial interest in CMC Guernsey (note 10)	3,424,052	-	3,424,052
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2012	9,427,042	2,371,151	11,798,193
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Company assessed the exploration permits for impairment as at 31 March 2012 and considered that the recoverable amount of these intangible assets exceeded the carrying amount and as such, no impairment was recognized. This assessment was based upon the proximity of the transaction to the reporting date. There have been no indication of impairment since acquisitions and exploration activities to date have been positive.

12 Financial instruments

Financial risk management

The Group has risk management policies that systematically view the risks that could prevent the Group from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Group's objectives are achieved. The Group's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Group's established business objectives.

The Group's principal financial instruments consist of cash, receivables and payables arising from its operations and activities. The main risks arising from the Group's financial instruments and the policies for managing each of these risks are summarised below.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. The Group's credit risk is primarily attributable to receivables and cash balances with the maximum exposure being the reported balance in the statement of financial position. The Company has nominal level of debtors and as such the Company believes that the credit risk concentration is minimal. The Company holds available cash with licensed banks which have strong history. The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The bank accounts are held under a fiduciary agreement and funds are available on demand.

Market price risk

The Group is not exposed to significant market price risks as no financial instruments recognised are linked to market price volatility. Whilst the Group has no significant exposure to market price risk, there is a potential risk on commodity price volatility which may impact the strategic direction of the Group (i.e. if the mineral market collapses, projects may not be economically viable).

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12 Financial instruments (continued)

Financial risk management (continued)

Interest rate exposure

Interest rate risk is the risk that the Group will sustain losses through adverse movements in interest bearing assets or liabilities; however it is the Directors' opinion that the Group is not significantly exposed to interest rate risk.

Foreign exchange risk

The Group is exposed to foreign currency risk on fluctuations related to financial assets and liabilities that are denominated in US Dollars (USD) and Cameroon CFA franc (XAF). The amounts exposed to foreign currency risk are as follows (in currency balance):

		USD	XAF
31 March 2012	Cash	12,515,236	26,476,605
	Accounts receivable	85,079	27,831,686
	Accounts payable	(63,435)	(69,400,332)
31 March 2011	Cash	703,794	-
	Accounts receivable and payable	-	-

The impact of 10% strengthening of USD and XAF against Pound sterling to total comprehensive income/loss is set-out below. A 10% weakening in these currencies would have had the equal but opposite effect, on the basis that all other variables remain constant. There is no other impact on the Group's equity other than those already affecting the consolidated statement of comprehensive income (loss).

	31 March 2012	31 March 2011
Pound sterling against:	£	£
USD	784,035	43,921
XAF	1,871	-

Foreign currency translation risk recognised as a result of translating the balances of subsidiaries at the reporting currency adopted by the Group is analysed below:

	31 March 2012	31 March 2011
Pound sterling against:	£	£
USD	310,877	-
XAF	40,044	-

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by the Company by means of cash flow planning to ensure that future cash requirements are anticipated. All liabilities are due within one month and all cash maintained in call accounts. To date the Group has relied upon equity funding to finance operations. The carrying amount of financial assets and liabilities reported in the consolidated statement of financial position represents the maximum exposure to liquidity risk. Management is confident that adequate resources are available to meet current obligations and fund its operations. As at 31 March 2012, the 24 month cashflow forecast prepared by Group indicate that the Group has sufficient resources to meet its obligations.

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Notes (continued)

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12 Financial instruments (continued)

Financial risk management (continued)

Political risks

The Group's operations are subject to laws and regulations governing exploration activities. While the Group believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in laws and regulations could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Group or its properties which could have a material adverse impact on the Group's current operations or planned exploration and development projects.

The Group's exploration projects are located in Cameroon and Sierra Leone. The Group's activities may be affected in varying degrees by political stability and governmental regulations. Any changes in regulations or shifts in political attitudes in these countries or any other countries in which the Group may operate are beyond the control of the Group and may adversely affect its operations.

Financial Instruments classification

Financial instruments comprise cash and trade and other receivables (classified as loans and receivables) and accounts payable and accrued expenses (classified as other financial liabilities). The carrying amounts of these financial instruments reported in the statement of financial position approximate their fair values due to the short-term nature of these accounts.

13 Trade and other receivables

	31 March 2012	31 March 2011
	£	£
Trade receivables	40,839	-
Prepayments	230,432	12,204
Other debtors	1,002	-
	<u>272,273</u>	<u>12,204</u>

14 Trade and other payables

	31 March 2012	31 March 2011
	£	£
Trade payables	308,089	25,573
Accrued expenses	159,661	23,278
Due to related party (note 17)	28,353	-
Other creditors	24,129	-
	<u>520,232</u>	<u>48,851</u>

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15 Share options and warrants

Share options and warrants expense comprised the following:

	31 March 2012	31 March 2011
	£	£
Warrants charge	534,242	-
Options charge	29,546	-
Option charge previously recognised by Ferrum pre-acquisition replaced options	(80,000)	-
	<u>483,788</u>	<u>-</u>

Share warrants

The total number of share warrants in issue as at the year end is set out below.

Recipient	Grant Date	Term in years	Exercise Price	01 April 2011	Issued	31 March 2012	Fair value of warrants issued during the year
Ferrum warrants holders 1	09/01/12	5	24.40p	-	11,456,000	11,456,000	382,637
Advisors 2	09/01/12	5	10.00p	-	1,878,523	1,878,523	85,838
Advisors 2	09/01/12	2	10.00p	-	1,439,261	1,439,261	65,767
				<u>-</u>	<u>14,773,784</u>	<u>14,773,784</u>	<u>534,242</u>

Notes

1. Issued as part of consideration paid by the Company to non-controlling shareholders of Ferrum Resources Limited in accordance with the terms of sale of Ferrum shares not yet owned by WAFM (see Note 10). These effectively replace the existing 8 million options issued to Ferrum non-controlling shareholders valued at and fully expensed prior to acquisition of £80,000 at the time of acquisition/issue.
2. In accordance with the terms of engagements, these warrants were granted to Company's advisors following successful completion of the company's admission to AIM.
3. All of the above warrants have vested and as such the fair value in relation to these has been fully recognised. These warrants can be used anytime during the exercise period.

The Company has utilised the Black Scholes Model for the purposes of estimating the fair value of the share warrants upon issue. The following table lists the inputs to the models used for warrants issued during the year.

	9 January 2012
Dividend yield (%)	-
Expected volatility (%) 1	90%
Risk-free interest rate (%)2	1.5%
Share price at grant date	11.5 pence
Share price (market value)	11.5 pence
Exercise price	24.0/10.0 pence
Expected exercise period	1 year

Notes

1. Annualised standard deviation of continuously compounded rates of return based on Company's historic share prices
2. Rate on 2 year Gilt Strips

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Notes (continued)

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15 Share options and warrants (continued)

Share options

The total number of share options in issue as at the year end is set out below.

Recipient	Grant Date	Term in years	Exercise Price	01 April 2011	Issued	Lapsed	31 March 2012	Vested options	Expensed during the year	Fair value
Director and consultant 1	09/01/12	10	13.62p	-	1,002,400	(477,333)	525,067	334,133	22,524	32,286
Directors	26/03/12	10	25.00p	-	5,300,000	-	5,300,000	-	7,022	838,823
				-	6,302,400	(477,333)	5,825,067	334,133	29,546	871,109

Notes

- Ferrum issued 700,000 share options to a director and consultant during the year. These options were cancelled and replaced by issue of new WAFM options following completion of acquisition of Ferrum MI.

Prior to acquisition, Ferrum had 8,000,000 share options in issue with a fair value of £80,000. All these options were cancelled and replaced by issue of new WAFM warrants (11,456,000 valued at £382,637) on completion of acquisition. As a result, the fair value previously recognised in respect of these options was attributed to the fair value of replaced warrants issued.

The Company has utilised the Black Scholes Model for the purposes of estimating fair value of the share options upon issue. The following table lists the inputs to the models used for options in issue as at the year end.

	9 January 2012	26 March 2012
Dividend yield (%)	-	-
Expected volatility (%) ¹	90%	90%
Risk-free interest rate (%) ²	1.5%	1.5%
Share price at grant date	11.50 pence	24.78 pence
Share price (market value)	11.50 pence	24.78 pence
Exercise price	13.62 pence	25.00 pence
Expected exercise period	3 years	4 years

Notes

- Annualised standard deviation of continuously compounded rates of return based on Company's historic share prices
- Rate on 2 year Gilt Strips

On 6 April 2010, 7,152,823 founder share options with a previous valuation of £1,201,674 were exercised at a price of £0.05 per share. No options were outstanding as at 31 March 2011.

Share Option Scheme

In accordance with, and subject to the terms of the Company's Share Option Scheme, options issued during the year shall vest in equal instalments annually over a period of three years from the date of grant. Vested options are exercisable at the Exercise Price and may not be exercised later than the tenth anniversary of the Date of Grant. The Directors shall have an absolute discretion as to the selection of persons to whom an Option is granted by the Company. An option shall not be granted to any person unless he is a person/company who has provided or is providing services to the Group as a consultant or otherwise ("Approved Grantee") or an employee or any person nominated by such Approved Grantee or employee. The exercise price shall be determined by the Directors and shall be the market value of a Share on the date of the grant of the option to the optionholder or shall be such greater or lesser price as the Directors shall determine in their discretion provided always that in the case of a subscription option, the price shall not be less than the nominal value of a Share.

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15 Share options and warrants (continued)

Share options (continued)

Exercise of the option may be conditional upon satisfaction of performance-related conditions as shall be determined by the Directors and notified to the optionholder on the date of the grant. They are not transferable and may not be exercised when to do so would contravene the provisions of the Company's code governing share dealings by directors and employees. In the event that a director/consultant resigns and ceases to be engaged by the Company in any role, pursuant to the Share Option Scheme rules, he or she may only exercise options which have vested and for a period of no later than six months from resignation.

16 Segment reporting

The Group operates in one industry segment: mineral exploration and development in two African regions, Cameroon and Sierra Leone. The activities of these regions alongside those of the corporate entities within the Group are regularly monitored by management to make decisions about resources and assess its performance and discrete financial information is maintained for each. Below is the analysis of Group's exposures in these segments:

	Cameroon	Sierra Leone	Corporate	Total
	£	£	£	£
Deferred mine exploration costs	1,581,457	899,720	-	2,481,177
Exploration permit	9,427,042	2,371,151	-	11,798,193
Other non-current assets	4,519	302,646	858,275	1,165,440
Current assets	7,939,060	47,585	2,925,490	10,912,135
Total liabilities	(292,715)	(8,585)	(218,932)	(520,232)
Finance income	1,309	-	11,601	12,910
Expenses	(41,091)	(256,016)	(3,275,782)	(3,572,889)
Net loss	(39,782)	(256,016)	(3,264,181)	(3,559,979)
Other comprehensive income	343,747	7,174	-	350,921

Total expenses are as disclosed in the consolidated statement of comprehensive income.

All results in the prior year related to the Corporate segment.

17 Related party transactions

Burnbrae Limited

The Company has entered into a service agreement with Burnbrae Limited for the provision of administrative and general office services. Mr James Mellon and Mr Denham Eke are both directors of Burnbrae Limited and the Company. During the year the Company was charged £74,660 (2011: £37,125) under this agreement of which £Nil was outstanding as at 31 March 2012 (2011: £nil).

Copper Development Corporation (CDC)

The Company has entered into service agreement with CDC during the year for the provision of accounting and administration services. James Mellon and Denham Eke are both directors of the Company and CDC. During the year the Company incurred £28,353 (2011: £Nil) under this agreement of which £28,353 was outstanding as at 31 March 2012 (2011: £nil).

The above related party transactions occurred on an arm's length basis and in the normal course of operations.

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Notes (continued)

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17 Related party transactions (continued)

Key management personnel

Directors of the Group received the following remuneration during the year.

	For the year ended 31 March 2012	For the year ended 31 March 2011
	£	£
Mitchell Alland	16,616	25,007
Denham Eke	94,031	96,488
Stephen Dattels	32,363	25,000
James Mellon	25,000	25,000
Patrick Weller	25,000	25,000
Guy Elliot	7,796	-
Mario Carion **	120,000	-
Ian Burns **	25,861	-
Serge Ngandu **	275,000	-
Richard Garnett **	74,490	-
	<u>696,157</u>	<u>196,495</u>

The Company issued 4,618,173 (923,634 post share consolidation) new shares in settlement of Directors' fees for the period from 01 April 2011 to 31 May 2011 amounting to £31,901 and for the period from 01 October 2010 to 31 March 2011 amounting to £97,305.

** Directors of subsidiaries acquired during the year. Total fees paid were inclusive of termination fees.

Directors' Interests

At the year end the Directors held the following number of shares in the Company:

	Number of Ordinary Shares	Percentage of Issued Capital
Denham Eke	1,151,827	0.44%
Stephen Dattels (note 18)	26,172,906	10.11%
James Mellon (note 18)	18,027,398	6.96%
Patrick Weller (resigned on 17 April 2012)	893,757	0.35%
Guy Elliot	1,700,000	0.66%

As discussed in note 15, the Board of Directors may issue share options to persons/company who provide services to the Group. The following table is a reconciliation of warrants and options in issue to key personnel as at 31 March 2012. The value of these warrants/options is commensurate with the value of services provided to the Company.

Name	at 1 April 2011	Granted	Exercised	at 31 March 2012
Denham Eke	-	1,000,000	-	1,000,000
Stephen Dattels	-	2,800,000	-	2,800,000
James Mellon	-	500,000	-	500,000
Guy Elliot	-	500,000	-	500,000

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Notes (continued)

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17 Related party transactions (continued)

Key management personnel (continued)

Shares issued to directors in lieu of fees

Following the 2010 share allotment, Directors fees reverted to being settled by way of cash payment. However, subsequent to the year end, the Directors resolved that amounts outstanding to the Directors in respect of fees (reflecting the period from 1 October 2010 to 31 May 2011) should be settled via issue of new ordinary shares in the Company, issued at month end mid-market prices, in order to conserve cash for post year end activities. The table below summarises settlement of Directors' fees:

	Period	Share issue date	Shares issued	31 March 2011
Directors fees paid in cash at 100%	01/04/2010 to 30/09/2010	-	-	99,190
Shares in lieu	01/10/2010 to 31/03/2011	7 June 2011	1,748,612	50,000
Shares in lieu	01/10/2010 to 31/03/2011	9 November 2011	1,652,692	47,305
			<u>3,401,304</u>	<u>196,495</u>
	Period	Share issue date	Shares issued	31 March 2012
Directors fees paid in cash at 100%	01/06/2011 to 30/09/2011	-	-	64,426
Shares in lieu	01/04/2011 to 31/05/2011	7 June 2011	635,588	16,667
Shares in lieu	01/04/2011 to 31/05/2011	9 November 2011	581,281	15,234
			<u>1,216,869</u>	<u>96,327</u>

18 Significant shareholdings

Except for the interests disclosed in this note, the Directors are not aware of any holding of Ordinary Shares as at 31 March 2012 representing 3% or more of the issued share capital of the Company:

	Number of Ordinary Shares 31 March 2012	Percentage of Total Issued Capital 31 March 2012	Percentage of Total Issued Capital (post the effect of subsequent events, see note 20)
Vidacos Nominees Limited	46,017,464	17.77%	17.10%
Plinian Guernsey Limited 3	31,237,806	12.06%	11.60%
Stephen Dattels 1	26,172,906	10.11%	9.70%
Generation Resources Holdings Limited 4	22,934,857	8.86%	8.50%
James Mellon 2	18,027,398	6.96%	6.70%
Angstrom Capital Limited	14,553,479	5.62%	5.40%
Generation Resources Limited	11,926,568	4.61%	4.40%
Hydro Finance Limited	10,094,401	3.90%	3.80%
Tocqueville Gold Fund	10,000,000	3.86%	3.70%

Notes:

1. These shares are held by Regent Mercantile Holdings Limited, a company owned by a trust under which Stephen Dattels is a discretionary beneficiary.
2. James Mellon's shareholding consists of 17,343,727 shares held by Galloway Limited, a company which is indirectly wholly owned by the trustee of a settlement under which James Mellon has a life interest. The balance of James Mellon's shareholding is held in his own name.
3. Brad Mills and Anton Mauve are principals of Plinian Guernsey Limited which has acted as operator of CMC Guernsey prior to acquisition by Ferrum Resources Limited.
4. Gualtiero Giori is a director of Generation Group.

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Notes (continued)

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19 Basic and diluted loss per share

The calculation of basic loss per share of the Group is based on the net loss attributable to shareholders for the period of £3,000,857 (2011: net loss of £1,006,037) and the weighted average number of shares outstanding of 106,872,912 (2011: 71,019,615 as adjusted for 5:1 share consolidation).

Weighted average number of ordinary shares

	31 March 2012	31 March 2011
Issued ordinary shares at 01 April	71,113,877	68,892,896
Effect of shares issued for cash	17,383,880	-
Effect of share options exercised	-	1,379,613
Effect of shares issued in lieu of directors fees	562,814	747,106
Effect of shares issued on business combination	17,812,341	-
	<hr/>	<hr/>
Weighted average number of ordinary shares	106,872,912	71,019,615
<i>All adjusted for effect of 5:1 share consolidation</i>	<hr/> <hr/>	<hr/> <hr/>

Diluted earnings per share are calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares such as warrants and options. As at 31 December 2011 and 2010 there is no dilutive effect, because the Group incurred net losses in the current and previous years. Therefore, basic and diluted earnings per share are the same.

20 Subsequent events

- i. On 2 April 2012, the Company issued 1,400,000 warrants in accordance with the engagement letter entered into with Consultants. Each warrant entitles the holder to purchase one common share at a price of 25 pence per share. These warrants are subject to 3 years equal annual installments vesting period and warrants that have vested are exercisable within 5 years from grant date.
- ii. On 24 April 2012, the Company issued 5,200,000 options to newly appointed directors. These options are subject to the Company's Share option scheme (see note 15). Vested options are exercisable at a price of 25 pence per share for a period of 10 years from the date of grant.
- iii. On 21 May 2012, the Company entered into Share Purchase Agreement to acquire from the vendors the 5% interest (the "Non-controlling Interest") not previously in its control in Compagnie Minière du Cameroun SA ("CMC Cameroon") (the "Acquisition"). Following completion of the Acquisition, CMC Cameroon becomes an indirect wholly-owned subsidiary of the Company.

WAFM issued to the vendors a total of 18.5 million new ordinary shares in the Company ("Ordinary Shares") representing approximately 6.7% of its enlarged share capital (the "Consideration Shares"). Based on the closing price of an Ordinary Share traded on AIM on 21 May 2012 of 54.75 pence, the Consideration Shares are valued at approximately £10,128,750. The Consideration Shares will rank pari passu with the existing Ordinary Shares. The carrying value of non-controlling interest share as at acquisition date was a net liability of £16,737. An amount of £10,145,487 was debited to equity as a result of the business combination.

The principal vendor of the non-controlling interest is Colosseum Holdings Limited, a company in which Mr Gualtiero Giori is indirectly interested. Mr Giori, a founder of CMC Cameroon, was appointed a non-executive director of WAFM on 23 April 2012.

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Notes (continued)

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20 Subsequent events (continued)

- iv. On 8 June 2012, the Company issued and allotted 238,667 new ordinary shares of no par value, pursuant to the exercise of 238,667 options at an exercise price of 13.62 pence each.

- v. On 15 June 2012, subject to admission of the shares to AIM, the Company has issued and allotted 10,206,506 new ordinary shares at 55 pence per share, raising £5,613,578 (the "Placing"). The funds raised by the Company will be used to expand and accelerate the Company's drilling and exploration programmes in Cameroon and Sierra Leone, as well as for general working capital.

21 Commitments and contingent liabilities

There are no known commitments or contingent liabilities as at the year end.