

Corporate Information

Directors

Prasun Kumar Mukherjee
Kishore Kumar
Atul Mittal

Registered Office

Amir Building
18th Street
(Corner of Tubman Boulevard)
Sinkor, Monrovia,
Liberia, West Africa

Bankers

Standard Chartered
UK Banking Standard Chartered Bank
1 Basinghall Avenue London EC2V 5DD
Tel. No.: 02078858700

International Bank (Liberia) Ltd.
64 Broad Street
P. O. Box 10-0292
1000 Monrovia 10, Liberia

Auditor

PKF Liberia
Lara Building, 4th Floor
Randall Street
Lara Building
P. O. Box 10-3635
1000 Monrovia 10, Liberia

> Board of the Directors

Board of Directors

as at March 31, 2013

The Board of Directors of Western Cluster Limited comprises Three (3) members listed below. The Articles of Incorporation of the Western Cluster Limited provides that the number of Directors constituting the initial Board of Directors shall not be less than three.

Directors	Title
1. Prasun Kumar Mukherjee	Director
2. Kishore Kumar	Director
3. Atul Mittal	Director
Registered Office:	Amir Building 18 th Street (Corner of Tubman Boulevard) Sinkor, Monrovia, Liberia, West Africa
Bankers:	Standard Chartered UK Banking Standard Chartered Bank 1 Basinghall Avenue London EC2V 5DD Tel. No.: 02078858700
	International Bank (Liberia) Ltd. 64 Broad Street P. O. Box 10-0292 1000 Monrovia 10, Liberia
Auditors:	PKF Liberia Lara Building, 4th Floor Randall Street Lara Building P. O. Box 10-3635 1000 Monrovia 10, Liberia

Statement of responsibility of the Board of Directors

1. The Board has general powers to manage the business of the Company.
2. The Board of Directors is responsible to ensure that the books of accounts of the Company are kept in a manner considered suitable for reporting and other relevant purposes.
In particular, the Board is responsible to:
 - a. ensure that the accounting records of the Company are satisfactorily maintained and its financial statements presented in accordance with authoritative financial reporting standards and other governing policies applicable in such regard
 - b. select suitable accounting policies and apply them consistently
 - c. state whether applicable accounting standards have been followed, subject to any material departures to be disclosed or explained in the financial statements
 - d. ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business
3. In summary, the Board is responsible to ensure that proper accounting records are kept, which disclose with reasonable

accuracy, at any time, the financial position of the Company. The Board is responsible to put in place the relevant mechanism for safeguarding the assets of the Company and to take reasonable steps for the prevention of fraud and other forms of irregularities, and the prompt detection of those that might nonetheless occur.

4. The Board is also responsible to annually appoint competent auditors to examine the books of the Company. Such appointment shall, however, be ratified by an affirmative vote of the shareholders at their annual meeting. The Board shall cause to be printed a copy of the Auditors' Report, together with the relevant financial statements accompanying such report.
5. The Board is to appoint members of committees as it may deem necessary; and shall delegate to the committee(s) such powers as the Board considers relevant and necessary.

The above statement of responsibilities of the Board with respect to the conduct of the financial statements of the Company shall be read in conjunction with the statement of the Auditors' responsibilities set out in the opinion on the next page of this document. This is necessary and is being done with the view to distinguishing for the benefit of the shareholders and other users of the financial statements the respective responsibilities of the Board of Directors and the Auditors in relation to the financial statements of Western Cluster Limited.

For and on behalf of the Board of Directors

Place: Monrovia, Liberia
Date: April 23, 2013

P. K. Mukherjee
Director

Atul Mittal
Director

Independent Auditors' Report

To the Board of Directors and Shareholders

Western Cluster Limited

We have audited the accompanying financial statements of Western Cluster Limited which comprise the statement of financial position as at March 31, 2013 and the related statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Financial statements referred to above, present fairly in all material respects, the financial position of Western Cluster Limited as at March 31, 2013 and operating activities and cash flows for the year then ended in conformity with International Financial Reporting Standards (IFRS).

Report on Other Legal and Regulatory Requirements

The shares of the Company have been issued to its stockholders, apparently without any transfer of value to Western Cluster Limited. Hence, no shareholders' equity is shown in the accompanying statement of financial position.

For and on behalf of the Board of Directors

Place: Monrovia, Liberia
Date: April 23, 2013

PKF Liberia
Accountants & Business advisers

Balance Sheet as at March 31, 2013

		USD	
	Note	2013	2012
ASSETS			
Current assets			
Cash and bank balances	3	1,841,403	43,213
Travel advances & Other receivables		1,056	1,000
Inventory		33,630	-
Prepayments	4	289,072	205,693
Total current assets		2,165,161	249,906
Non-current assets			
Project Expenditure Capitalised	5	61,134,546	27,490,720
Long-term assets	6	3,515,630	7,819
Total non-current assets		64,650,176	27,498,539
Total assets		66,815,337	27,748,445
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable		2,054,274	22,370
Inter-company payable		190,450	44,080
Salaries payable		213,563	47,414
Taxes payable	7	465,071	24,580
Other liabilities		811,979	-
Total current liabilities		3,735,337	138,445
Long-term liabilities:			
Inter-company payable		63,080,000	27,610,000
Total Long-term liabilities		66,815,337	27,748,445
Total liabilities and shareholders' equity		66,815,337	27,748,445

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors

Place: Monrovia, Liberia
Date: April 23, 2013

P. K. Mukherjee
Director

Atul Mittal
Director

Statement of Cash Flows for the year ended March 31, 2013

	USD	
	2012-13	2011-12
OPERATING ACTIVITIES:		
Net operating profit/(loss) for the period	-	-
Adjustments required to present cash flow from operating activities (Appendix A):		
Changes in operating assets and liabilities	3,479,828	(68,248)
Net cash flows from operating activities	3,479,828	(68,248)
INVESTING ACTIVITIES:		
Capital work in progress	(33,643,826)	(27,490,720)
Purchase of long-term assets	(3,507,811)	(7,819)
Net cash flows from investing activities	(37,151,637)	(27,498,539)
FINANCING ACTIVITIES:		
Loan from Bloom Fountain Limited	35,470,000	27,610,000
Net cash flows from financing activities	35,470,000	27,610,000
Net change in cash and cash equivalent	1,798,190	43,213
Cash and cash equivalent beginning of period	43,213	-
Cash and cash equivalents at the end of the period	1,841,403	43,213

Statement of Cash Flows - Appendix A for the year ended March 31, 2013

	USD	
	2012-13	2011-12
Net cash used in operating activities		
Changes in operating assets and liabilities:		
Travel advance	(56)	(1,000)
Prepayments	(83,379)	(205,693)
Inventory	(33,630)	-
Accounts payable	2,031,903	22,370
Inter company payable	146,369	44,080
Salaries payable	166,149	47,415
Taxes payable	440,491	24,580
Other liabilities	811,979	-
Net cash used in operating activities	3,479,828	(68,248)

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors

Place: Monrovia, Liberia
Date: April 23, 2013

P. K. Mukherjee
Director

Atul Mittal
Director

Notes for the year ended March 31, 2013

NOTE 1 ESTABLISHMENT

Western Cluster Limited is a subsidiary of Bloom Fountain Limited, a Company formed under the laws of Mauritius. Bloom Fountain Limited owns 100% of the issued shares of the Company. Incorporated in Liberia on October 18, 2010, the Company is a pre operating company newly established to explore investment opportunities in the iron ore sector in the western region of Liberia. The operational activities of the Company are to prospect, explore and market iron ore and management of investments in other companies. The Company is also engaged in importing and exporting goods and services related to the exploitation and processing of iron ore in Liberia.

The concession agreement with the Government of Liberia gives the Company exclusive prospecting and mining rights to iron ore deposits in the Western region of Liberia, specifically Bomi Hills, Bea Mountain and Mano River.

Although, the Company was incorporated on October 18, 2010, it did not carry out any activities until after August 3, 2011, i.e. the date of ratification of its Mineral Development Agreement with the Government of Liberia.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), under the historical cost convention.

2.2 Currency of Reporting

These financial statements are expressed in United States dollars. Cash and near cash assets as well as all liabilities denominated in other currencies are translated to United States dollars at the applicable year-end rates of exchange. Transactions occurring in other currencies during the period are brought into the books at the prevailing rates of exchange on the dates of the respective transactions.

The United States dollar is legal tender in Liberia and circulates freely in the Liberian economy alongside the

Liberian dollar. Rates of exchange applicable to these two currencies are market determine.

2.3 Related Party Disclosures

During the year the Board of Directors of the company ratified an arrangement with Bloom Fountain Limited, the holding company, through a resolution of the board in which Bloom Fountain is to avail additional amount in loan to Western Cluster Limited up to a maximum of USD 100 million. The total amount availed including the sum of USD 25 million availed in 2011/2012 is USD 63 million. Additionally, the Company received consultancy services from the holding Company. The transaction is valued at USD 146,369. The loan is non-interest bearing and is repayable in five years with an option for Directors to review the loan repayment period.

2.4 Property Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is then derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred. Gains and losses on the disposal of property, plant and equipment are reflected in current year's results.

The principal annual depreciation rates used in these financial statements are:

	(%)
Furniture & fixtures	10.00
Office equipment	20.00
Plant and machinery	20.00
Software	30.00
Vehicle	33.33
Computer and laptops	30.00

NOTE 3 CASH AND BANK BALANCES

Particulars	USD	
	2013	2012
Cash on hand	729	1,944
Cash in banks	1,840,674	41,268
	1,841,403	43,213

NOTE 4 PREPAYMENTS

Particulars	USD	
	2013	2012
Rent	258,674	204,083
Insurance	5,740	1,610
Trade Advances	14,050	-
Internet	10,608	-
	289,072	205,693

Notes for the year ended March 31, 2013

NOTE 5 PROJECT EXPENDITURE CAPITALISED

Particulars	USD	
	2013	2012
Beginning balance	27,490,720	-
Additions during the period	33,643,826	27,490,720
Ending balance	61,134,546	27,490,720

The Company along with Bloom Fountain Limited, Sesa Goa Ltd and Elenilto Minerals Inc. signed a Minerals Development Agreement (MDA) with the Government of Liberia (GOL) on August 3, 2011. The MDA defines the terms and conditions under which the GOL grants the Company exploration rights for the Bomi Hills, Bea Mountain and Mano River iron ore deposits and terms and conditions that will govern the Company's transition to Class A Mining rights. In consideration of the rights granted to it, the company is obliged to make certain payments as defined in the MDA. The Company has made the payments noted above, as required under the MDA and has also incurred other expenses on the project. The Company has obtained the exploration licenses for all the three leases and exploration activities have started. The Company has capitalised above expenses as per Company's accounting policy in accordance with IFRS - 6 "Exploration and Evaluation of Mineral Resources".

NOTE 6 LONG-TERM ASSETS

	USD							Total
	Camps-Capital Work-in Progress	Motor Vehicles	Softwares	Machinery and Equipment	Computers and Laptops	Office Furnitures	Office Equipment	
Cost								
Balance at beginning of Year	-	-	-	-	-	4,674	3,145	7,819
Additions	27,52,423	4,10,555	1,24,539	1,00,162	31,336	74,896	1,24,549	36,18,460
Disposals	-	-	-	-	-	-	-	-
Balance at end of Year	27,52,423	4,10,555	1,24,539	1,00,162	31,336	79,569	1,27,694	36,26,279
Depreciation								
Balance at beginning of year	-	-	-	-	-	-	-	-
Charge for the Year	-	52,042	32,124	6,394	4,441	3,603	12,046	1,10,649
Balance at end of year	-	52,041.71	32,123.71	6,393.54	4,440.85	3,602.83	12,046.23	1,10,649
Net Book Value March 31, 2013	27,52,423	3,58,513	92,415	93,768	26,895	75,966	1,15,648	35,15,630
Net Book Value March 31, 2012	-	-	-	-	-	4,674	3,145	7,819

NOTE 7 TAXES PAYABLES

Particulars	USD	
	2013	2012
Employees withholding taxes payable	66,141	14,710
Other withholding taxes payable	376,501	9,870
Social security payable	22,429	-
	465,071	24,580