West African Resources Limited

(ABN 70 121 539 375)

Annual Financial Statements

for the year ended 30 June 2014

West African Resources Limited
(ABN 70 121 539 375)

CORPORATE INFORMATION

Directors
Francis Harper (Non-Executive Chairman)
Richard Hyde (Managing Director)
Simon Storm (Non-Executive Director)
Jean-Marc Lulin (Non-Executive Director) (Appointed 29 January 2014)
Colin Jones (Non-Executive Director) (Appointed 28 February 2014)

Company Secretary
Simon Storm

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West African Resources Limited
2014 FINANCIAL YEAR HIGHLIGHTS

During the year ended 30 June 2014, West African Resources acquired 100% of TSXV-listed Channel Resources Limited, which held the Tanlouka Permit, adjacent to West African's Boulsa Gold Project in Burkina Faso, and commenced work on exploring and evaluating the Mankarga 5 resource. West African is aiming to become a +50,000-ounce gold producer in 2015.

Highlights of the year included:

- Completion of the acquisition of TSXV-listed Channel Resources Limited, taking a 90% interest in the Tanlouka Permit, which included the Mankarga 5 resource
- Entered an agreement to acquire the remaining 10% of the Tanlouka Permit
- Increasing the Inferred Resource at Mankarga 5 by 74% and the Indicated Resource by 12%
- Purchased a second-hand 1.6 million tonne per annum heap leach plant
- Completed a scoping study for Mankarga 5
- Commenced a feasibility study for Mankarga 5
- Completed 51,400m of drilling.

Summary

In August 2013, the Company announced its intention to acquire TSXV-listed Channel Resources Ltd. West African's focus of the acquisition was Channel's main asset, the Tanlouka Permit, which included the Mankarga 5 Mineral Resource. Final approvals from the TSX were granted in January 2014.

West African purchased a second hand 1.6Mtpa heap leach plant for the Boulsa Project in February 2014 and is targeting gold production from the Mankarga 5 deposit in 2015.

On 14 April 2014, an independent resource estimate for the Mankarga 5 deposit on the Tanlouka Permit, increased the Inferred Resources by 74% and the Indicated Resources by 12% (using a 0.5g/t gold cut-off). This followed West African entering an agreement to acquire the remaining 10% of the Tanlouka Permit in March 2014. The Company now has the right to earn 100% of the project following completion of a positive feasibility study.

A scoping study to determine the economic potential of a low cost heap leach starter project was completed in July 2014, with highlights including:

- IRR of 57% with a 16-month payback on capital costs
- Free cash flow of $103 million after capital costs
- NPV$^{5\%}$ of $84 million
- Pre-production capital of $35 million plus working capital and contingency of $9 million
- Estimated average annual gold production of 59,400 ounces for first three years
- Estimated average annual gold production of 44,100 ounces for life of mine
- Current study mine life of 5.4 years
- Life of mine strip ratio 1:1
- Cash costs of $614/oz
- All-in sustaining cash costs of $685/oz (including cash costs, royalties, refining & sustaining capital)

The Company has commenced Feasibility Studies on the low capital cost starter project, expanding on the components of the Scoping Study, and expects to complete this by the end of 2014.

In terms of exploration, West African undertook drilling where possible during the Burkina Faso wet season in the September 2013 quarter, and then commenced more extensive drilling in the December 2013 quarter at the Moktedu Prospect, 10km north of Tanlouka, as well as diamond drilling at Sartenga to add more confidence to the geological model. Exploration during the March 2014 and June 2014 quarters focused on resource definition at Mankarga 5, including diamond and oxide resource definition drilling.

During the year ended 30 June 2014, West African Resources Limited made significant progress with the discovery of Sartenga and development of Moktedu, both part of the Boulsa Project in Burkina Faso.

West African Resources Limited
Chairman's Address

Dear Fellow Shareholder,

It is my great pleasure to welcome you to West African Resources Limited's 2014 Annual Report. The past 12 months have been monumental in terms of the growth and direction of our company, and it has been very pleasing to see the progress we have made.

West African completed the acquisition of Toronto Stock Exchange Venture Exchange-listed Channel Resources Limited in January 2014, giving us a 90% stake in the Tanlouka Permit, which adjoined our Boulsa Gold Project in Burkina Faso. The Mankarga 5 gold deposit at Tanlouka delivered a maiden resource estimate of 1 million ounces of gold in 2012. In March 2014, we entered an agreement to acquire the remaining 10% of Tanlouka.

We are now working to become a +50,000-ounce gold producer in 2015 via a low-cost heap leach operation, having purchased a second-hand 1.6 million tonne per annum plant to fast-track these plans.

We quickly commenced drilling at Mankarga 5 and in April 2014, we announced a 74% increase in the Inferred Resource to 10.8 million tonnes grading 1.3g/t gold containing 437,000 ounces gold and a 12% increase in the Indicated Resource to 32.7 million tonnes grading 1.0 g/t gold containing 1,050,000 ounces gold (using a 0.5g/t Au cut-off for both categories).

In addition to the resource upgrade, pleasing metallurgical test work that demonstrated gold recoveries of up to 98.5% and averaging 93.8%, confirming that the sulphide mineralisation at Mankarga 5 is non-refractory and amenable to conventional milling and carbon-in-leach (CIL) processing, formed part of a very strong Mankarga 5 Scoping Study. The study demonstrated Mankarga 5 as a high margin, low Capex gold project, focussing on the oxide portion of the resource, with potential for further expansion. Highlights included: an Internal Rate of Return of 57% with a 16-month payback on capital costs, free cash flow of US$103 million after capital costs, Net Present Value of US$84 million, estimated average annual gold production of nearly 60,000 ounces for the first three years and all-in cash costs of US$685/oz. We have now commenced Feasibility Studies for the project, which are due for completion in December 2014.

During the year, Jean-Marc Lulin and Colin Jones joined the West African Board as Non-Executive Directors. Both men have extensive experience in the mining industry and have been involved with TSX-listed companies in the past. We welcome them to the Board and can expect them to provide West African with additional expertise and knowledge as we move closer to gold production. Stephen Ross resigned as a Non-Executive Director during the year, and we thank him for his contribution over four years.

It has been another busy year for West African on the exploration front, with nearly 52,000 metres of drilling completed across our portfolio in Burkina Faso. It is a credit to our Managing Director Richard Hyde and his team that our exploration and administration costs are kept to a minimum. I thank Richard and our staff in Australia and Africa for their work over the past year, and I also thank you, our Shareholders, for your continued support. I look forward to it continuing as we approach exciting times ahead in 2015.

Francis Harper

Francis Harper
Chairman

Introduction

During the year ended 30 June 2014, West African Resources completed 52,013m of drilling.

A summary of the drilling undertaken during the year is as follows:
Diamond: 10,029
Reverse Circulation (RC): 24,072
Auger: 17,912

The Company's focus during the year was undertaking the work necessary to complete a Scoping Study for the Mankarga 5 gold deposit, which included resource definition drilling to upgrade the maiden resource estimate and metallurgical test work. West African also undertook exploration across a number of other prospects including Sartenga, Moktedu and Goudré.

Mankarga 5 Gold Project, Tanlouka Permit

West African completed the acquisition of the Mankarga 5 deposit, located on the Tanlouka Permit within the Boulsa region in January 2014.

The Company secured a second-hand 1.6Mtpa heap leach plant in February as part of its plan to fast-track development of Mankarga 5. The Company aims to be a +50,000oz per annum gold producer in 2015 via a low-cost heap leach starter project at the Mankarga 5 deposit, subject to study outcomes and availability of financing.

West African commenced extensive work programs at Mankarga 5, in the March 2014 quarter. The programs were designed to provide rapid assessment of near-surface, and high-grade mineralisation at the Mankarga 5 deposit, and included RC drilling, metallurgical diamond core drilling and oriented diamond core drilling targeting high-grade zones at depth.

Work programs were tailored to improve the oxide and transitional components of the deposit and better define the orientation of high-grade mineralisation in deeper drilling.

A detailed 5,000m shallow reverse circulation (RC) drilling program commenced in the March quarter that aimed to better test near-surface mineralisation along the 2.8km strike of the deposit. The RC program was completed on approximately 100m sections along the deposit testing oxide and transitional mineralisation. The program also completed first-pass drilling over parallel geochemical anomalies northwest of known mineralisation.

West African implemented an initial six-hole oriented diamond core program to follow up historic drilling where high-grade mineralisation was intercepted to collect essential structural information regarding the high-grade zones. This aimed to allow our geologists to better interpret ore shoot plunge directions, and therefore allow more accurate targeting in subsequent drilling programs. This drilling commenced in the southwest area of the deposit between sections SW800 and SW100.

West African also undertook a metallurgical test work drilling program of four holes along the strike of the deposit, shipping whole core to Perth to confirm the suitability of the mineralisation to low Capex heap leach processing. Previous test work by Channel returned excellent results including up to 95.3% gold recovery from oxide and up to 92.3% gold recovery from sulphide mineralisation in bottle roll tests.

West African geologists relogged key drill holes as part of a reinterpretation of the Mankarga 5 deposit.

On 14 April 2014, West African reported an updated independent resource estimate for Mankarga 5 which now comprises an Indicated Resource (at a 0.5g/t cut-off) estimated at 10.8 million tonnes grading 1.3g/t gold containing 437,000 ounces gold and an Inferred Resource (at a 0.5g/t cut-off) estimated at approximately 32.7 million tonnes grading 1.0 g/t gold containing 1,050,000 ounces gold. Indicated Resources (at a 1g/t cut off) are estimated at 5.7 million tonnes grading 1.7g/t gold containing 315,000 ounces gold, and Inferred Resources (at 1g/t cut off) are estimated at approximately 11.4 million tonnes at a grade of 1.6 g/t gold containing 568,000 ounces gold. Approximately 29% of the Mankarga 5 deposit is classified as Indicated and 77% of the oxide and transitional mineralisation classified as Indicated.

Importantly, near-surface oxide and transition Indicated Resources (at a 0.5 g/t cut-off) are estimated at 6.6 million tonnes at a grade of 1.2g/t gold containing 252,000 ounces gold with remaining near-surface oxide and transitional Inferred Resources (at a 0.5 g/t cut-off) estimated at approximately 2.7 million tonnes grading 0.9 g/t gold containing 75,000 ounces gold.

Mankarga 5 April 2014 Resource									
	Cut-off (Au g/t)	Indicated Resource				Inferred Resource			
		Vol (m^3)	Tonnes	Grade (Au g/t)	Au Oz	Vol (m^3)	Tonnes	Grade (Au g/t)	Au Oz
Oxide	0.5	2,520,000	5,500,000	1.2	214,000	910,000	2,000,000	0.8	52,000
	1	1,210,000	2,700,000	1.7	145,000	160,000	400,000	1.5	17,000
Transitional	0.5	420,000	1,100,000	1.1	38,000	260,000	700,000	1.1	23,000
	1	180,000	500,000	1.6	23,000	70,000	200,000	2.2	13,000
Fresh	0.5	1,550,000	4,200,000	1.4	184,000	11,120,000	30,000,000	1.0	974,000
	1	970,000	2,600,000	1.7	146,000	4,020,000	10,800,000	1.5	538,000
Total	0.5	4,490,000	10,800,000	1.3	437,000	12,290,000	32,700,000	1.0	1,050,000
	1	2,360,000	5,700,000	1.7	315,000	4,250,000	11,400,000	1.6	568,000

Further resource drilling at Mankarga 5 was completed by three WAF-owned drill rigs in the June quarter, filling in gaps in the existing resource model on 100m sections in the oxide zone, as well as testing mineralisation at depth and twinning historic RC drill holes to confirm the integrity of historic drilling.

An additional contract RC rig was brought in to accelerate the drilling program in May 2014 to drill 8,000m, focussing on 50m spaced sections to improve the grade, geological continuity and resource category in future estimates. Total contract and company owned RC drilling was nearly 15,000m at Tanlouka during the year. Oxide resource definition drilling during the quarter returned significant results, which will improve grade and category of the resource model in the resource update planned for the December 2014 quarter.

Scoping Study

West African announced a Scoping Study for the Mankarga 5 Gold Project post year-end on 29 July 2014. The study demonstrated Mankarga 5 as a high margin, low Capex gold project. The study assumes annual throughput of 1.6Mtpa, which is in line with the capacity of the plant the Company purchased earlier in 2014. The base case is stated assuming 100% basis and a gold price of $1,300/oz. All amounts are in US dollars unless otherwise stated.

Economic Summary			
Pre-Tax	**$1100/oz**	**$1300/oz**	**$1500/oz**
NPV$^{0\%}$ ($M)	$58	$103	$145
NPV$^{5\%}$ ($M)	$45	$84	$119
IRR %	37%	57%	71%
Payback (Months)	25	16	12
After-Tax	**$1100/oz**	**$1300/oz**	**$1500/oz**
NPV$^{0\%}$ ($M)	$47	$80	$111
NPV$^{5\%}$ ($M)	$35	$64	$90
IRR %	32%	49%	62%
Payback (Months)	26	18	14

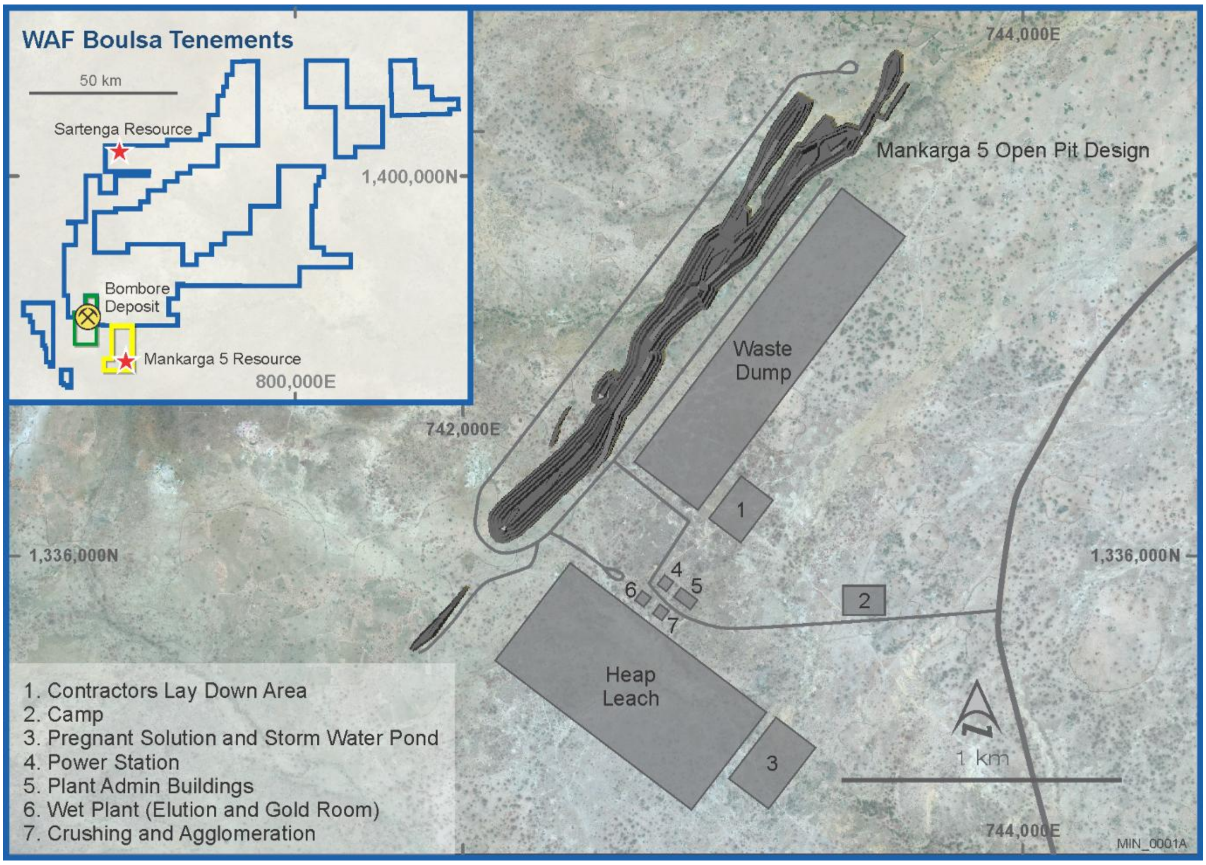

Figure 1 – Mankarga 5 project location and site layout

This Scoping Study demonstrated positive results for a starter project focussing on the oxide portion of the Mankarga 5 resource. There is potential to improve project economics by upgrading the existing resource incorporating the 14,000m drilled since April 2014, and from optimising the mining schedule further, focussing on processing higher grade ore in year one and two of the project.

The Company believes that significant potential also exists to define additional sulphide resources proximal to the existing resource area. Recent metallurgical test work confirms sulphide mineralisation is non-refractory and amenable to conventional milling and carbon-in-leach (CIL) processing, with gold recoveries of up to 98.5% and averaging 93.8% in direct cyanidation test work. The Company intends to conduct a Scoping Study into a Stage Two sulphide project in 2015.

West African also has a number of drill-ready targets a short trucking distance from the starter project, which will be targeted with an aggressive drilling campaign following the current wet season later this year.

The Company has transitioned directly into Feasibility Studies on the low capital cost starter project, expanding on the components of the Scoping Study. The Company will appoint a consultancy to undertake the Environment and Social Impact Assessment (ESIA) portion of the study, as well as a Study Manager.

Timeline of Key Deliverables for the Mankarga 5 Project								
	2014				**2015**			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Drilling								
Resource upgrade	✓			•				
Scoping Study Heap Leach (Stage 1)			✓					
Metallurgical Tests		✓		•				
Feasibility Study				•				
Permitting					•			
Scoping Study CIL (Stage 2)						•		
Construction								•
Production								•

Boulsa Gold Project, Sartenga Permit

West African Resources acquired the Sartenga Permit, part of the Boulsa Gold Project, in June 2011, and in June 2012, announced a significant discovery of copper-gold mineralisation. The Sartenga Copper-Gold Project key points include:

- 174,000t copper, 651,000oz gold in Inferred Mineral Resource
- High flotation recoveries of 95% for copper and gold in primary material
- Bornite dominant sulphide system; potential to create a high-grade copper-gold concentrate
- Soft primary ore (BBMWI 10kwh/t) translating into lower potential milling costs
- Favourable mineralisation geometry; low indicative stripping ratio
- Higher grade zone in the core of the deposit of at least 800 metres in length
- New gold zone located 4km to the south, including up to 20m at 2.52 g/t Au from 36m
- Infrastructure nearby including rail to port less than 40 km from the project

West African completed drilling at Sartenga throughout the entire wet season, testing mineralisation extensions along strike and at depth. Drilling focused on definition of the higher grade breccia zone along the south-eastern margin of the deposit, returning previous strong copper, gold and molybdenum grades.

Results from diamond drilling at Sartenga reported during the September 2013 quarter included 117m at 0.8% Cueq* from 107m (0.2% Cu, 0.5g/t Au, 350g/t Mo, and 1.0g/t Ag) and 89m at 0.7g/t Au, 0.4% Cu, 132g/t Mo, 1.4g/t Ag from 11m in oxide and primary.

Boulsa Gold Project, Sartenga South

In July 2013, the Company reported that results from diamond and aircore drilling had identified a gold zone 4km south of the Sartenga Discovery. A peak result of 1.7g/t Au was returned from a campaign of detailed auger drilling on the south-western portion of the trend.

Wide-spaced drilling on nominal 500m spaced drill fences confirmed the source of the auger anomaly, with initial results including:

- SAC1193: 4m at 1.4g/t Au from 16m
- SAC1194: 12m at 0.8g/t Au from surface
- SAC1195: 26m at 1.1g/t Au from surface, including 10m at 1.7g/t Au end of hole
- SAC1205: 12m at 1.0g/t Au from surface, including 8m at 1.2g/t Au

Wide-spaced aircore drilling then commenced which returned significant results which were reported in August. These included 20m at 2.52g/t Au including 4m at 8.99g/t Au from 36m (SAC1237). This result was located 3.2km northeast of the SAC1195 drill hole.

In the December 2013 quarter, two Company-owned rigs focused on defining a higher grade breccia zone along the south-eastern margin of the deposit, where strong copper, gold and molybdenum grades had previously been intercepted.

Results intercepted at depth on NE0400 from SDH042 included:

231m at 0.6% Cueq*(0.3g/t Au, 0.2% Cu, 254g/t Mo, 0.8g/t Ag) from 100m including:

- 5m at 0.7% Cueq*(0.2g/t Au, 0.3% Cu, 289g/t Mo, 0.9g/t Ag) from 176m
- 21m at 1.1% Cueq*(0.4g/t Au, 0.5% Cu, 448g/t Mo, 1.4g/t Ag) from 201m
- 3m at 1.1% Cueq*(0.4g/t Au, 0.2% Cu, 886g/t Mo, 1.3g/t Ag) from 233m
- 40m at 0.9% Cueq*(0.5g/t Au, 0.3% Cu, 366g/t Mo, 1.2g/t Ag) from 255m
- 15m at 0.8% Cueq*(0.5g/t Au, 0.2% Cu, 502g/t Mo, 1g/t Ag) from 305m.

Boulsa Gold Project, Moktedu Prospect

Moktedu is located in the southwest corner of WAF's 100%-owned Boulsa Project, 4km northeast of Orezone Gold Corp's 5.2 Moz Au Bomboré deposit in Burkina Faso. The Moktedu Prospect encompasses a 10km mineralised trend of coincident RAB, auger and magnetic anomalies.

Regional Prospects

Boulsa Gold Project, Goudré Permit

Goudré is located immediately west of the Bomboré deposit, and extends continuous mineralisation in auger drilling to 10km.

During the September 2013 quarter, West African reported assay results from mapping and rock-chip sampling at Goudré, part of its Boulsa Project in Burkina Faso.

The quarter also returned high-grade results from the central-west portion of the Goudré permit. Most of the samples were taken from quartz veining within artisanal pits, which are commonly aligned along a northeast-southwest trend. In one area, eight samples averaged 29.93g/t Au over a strike of 400m of artisanal workings. The peak result along this trend was 70.63g/t Au, with a minimum result of 0.44g/t Au.

CORPORATE

Acquisition of Channel Resources Limited

In August 2013, West African announced it had signed a letter agreement to acquire all the issued and outstanding shares of TSX-V listed company Channel Resources Limited (CHU). The transaction was unanimously approved by the Board of Directors of both companies. West African successfully completed the 100% acquisition of CHU on 17 January 2014.

West African issued 32,036,754 ordinary shares and 14,918,508 three-year share purchase warrants exercisable at A$0.40 per share to former CHU shareholders. The Company also issued 1,365,000 share purchase options in exchange for Channel options. West African shares and the warrants commenced trading on the TSX Venture Exchange ("TSXV") under symbols "WAF" and "WAF.WT".

Placements

On 22 August 2013, WAF announced it had completed a 10% placement to raise $3 million by issuing 20 million ordinary shares at $0.15/share. Funds from the placement were earmarked to accelerate resource definition drilling at WAF's Moktedu Project and on the adjacent Tanlouka Permit following completion of the acquisition of CHU.

The placement was completed by Blackwood Capital Limited and made in accordance with the Company's available 15% capacity pursuant to ASX Listing Rule 7.1. New shares had an issue price of $0.15 and ranked equally with existing WAF ordinary shares quoted on the ASX. Completion of the placement and settlement occurred on 5 September 2013.

In March 2014, West African commenced and completed in early April 2014 a 10% placement raising $3 million, before costs, by issuing 23.1 million ordinary shares at 13 cents. The placement was well supported by existing shareholders and high-net-worth individuals. Funds were earmarked for further drilling and the Mankarga 5 scoping study.

The placement was completed by Blackwood Capital Limited and made in accordance with the Company's available 15% capacity pursuant to ASX Listing Rule 7.1. New shares had an issue price of 13 cents and rank equally with existing WAF ordinary shares quoted on the ASX and TSX-V.

Completion of the placement and settlement occurred on 4 April, 2014.

Appointment of Non-Executive Directors

Jean-Marc Lulin was appointed as a Non-Executive Director in late January 2014.

Mr Lulin is a senior mining executive with 30 years of experience in North America, Africa and Europe. Since June 2003, Mr Lulin has been as President, CEO and Director of TSXV listed company Azimut Exploration Inc. Mr Lulin was formerly the President and COO for Channel Resources (1996-2001), Vice President West Africa for Channel Resources (1995-1996) and has extensive West African experience.

Colin Jones was appointed to the West African Board in February 2014, replacing Stephen Ross. His appointment followed West African's acquisition of TSXV-listed Channel Resources Ltd and listing on the Toronto Stock Exchange Venture (TSXV) index.

Mr Jones has 30 years of experience as a mining, exploration and consulting geologist and is experienced in a number of different geological environments. He has worked on all continents on producing mines, as part of feasibility teams and also in exploration. He was most recently Executive Vice President at Dundee Resources Limited in Toronto. He is a Director of Geodrill Ltd (TSXV:GEO) and of Eurotin Inc. (TSXV:TIN).

Richard Hyde
MANAGING DIRECTOR

Competent Person's Statement

Information in this announcement that relates to exploration results, exploration targets or mineral resources is based on information compiled by Mr Richard Hyde, a Director, who is a Member of The Australian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Hyde has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and a Qualified Person under National Instrument 43-101. Mr Hyde consents to the inclusion in this annual report of the statements based on his information in the form and context in which they appear.

Cautionary Statement regarding Scoping Study

The Company advises the Scoping Study results and production targets reflected in this annual report are preliminary in nature as conclusions are drawn partly from Indicated Mineral Resources (77%) and Inferred Mineral Resources (23%) that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized.

The Scoping Study is based on lower-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

In discussing 'reasonable prospects for eventual economic extraction' in Clause 20, the Code requires an assessment (albeit preliminary) in respect of all matters likely to influence the prospect of economic extraction including the approximate mining parameters by the Competent Person. While a Scoping Study may provide the basis for that assessment, the Code does not require a Scoping Study to have been completed to report a Mineral Resource.

Scoping Studies are commonly the first economic evaluation of a project undertaken and may be based on a combination of directly gathered project data together with assumptions borrowed from similar deposits or operations to the case envisaged. They are also commonly used internally by companies for comparative and planning purposes. Reporting the general results of a Scoping Study needs to be undertaken with care to ensure there is no implication that Ore Reserves have been established or that economic development is assured. In this regard it may be appropriate to indicate the Mineral Resource inputs to the Scoping Study and the processes applied, but it is not appropriate to report the diluted tonnes and grade as if they were Ore Reserves.

While initial mining and processing cases may have been developed during a Scoping Study, it must not be used to allow an Ore Reserve to be developed.

Your directors submit the annual financial report of the consolidated entity for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors
The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

Francis Harper LLB (Hons), BEc
Non- Executive Chairman

Francis Harper is a director of Blackwood Capital Limited which manages private equity funds primarily for high net worth clients in Australia and the USA. Blackwood has also raised over $500 million for listed mining and other companies within the last 5 years.

Prior to forming Blackwood Capital, he spent 15 years with NM Rothschild in senior positions within resources corporate finance in the UK, the USA and Australia. He is a director of a number of unlisted industrial companies and is Chairman of Manas Resources Ltd.

Mr Harper is a member of the Audit Committee.

Mr Harper has been a director of the following listed company during the past three years.

Company	Position	Appointed	Ceased
Manas Resources Ltd	Chairman	8/4/08	16/7/12

Richard Hyde BSc (Geology and Geophysics), MAusIMM
Managing Director

Richard Hyde is a geologist with more than 15 years experience in the minerals industry including over 5 years experience operating in West Africa. Richard has worked in a number of different geological environments in Australia, Africa and Eastern Europe. Mr Hyde has managed large exploration projects and worked extensively within the industry as Regional Manager - West Africa, and as a Senior Consultant with RSG Global based in West Africa and Australia.

Simon Storm BCom, BCompt (Hons) FGIA, CA
Non- Executive Director and Company Secretary

Simon Storm is a Chartered Accountant with more than 25 years of Australian and international experience in the accounting profession and commerce. He commenced his career with Deloitte Haskins & Sells in Africa then London before joining Price Waterhouse in Perth. He has held various senior finance and company secretarial roles with listed and unlisted entities in the banking, resources, construction, telecommunications, property development and funds management industries. In the last 11 years he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

Jean-Marc Lulin P.Geo., PhD
Non-Executive Director (Appointed 29 January 2014)

Jean-Marc Lulin is a senior mining executive with 30 years of experience in North America, Africa and Europe. Since June 2003, he has been President, CEO and Director of TSXV listed company Azimut Exploration Inc. He was formerly the President and COO for Channel Resources (1996-2001), Vice President West Africa for Channel Resources (1995-1996) and has extensive West African experience.

Mr. Lulin was involved in the discoveries of several important deposits, notably the Bombore, Bouroum and Goulagou gold deposits in Burkina Faso (resources of 2.5 million ounces) with Channel Resources, the Douay gold deposit and Lac Knife flake graphite deposit in Quebec with Vior-Mazarin, and Meponda, a large niobium-tantalum-uranium-rare earth occurrence in Mozambique with the BRGM. During his career, Mr. Lulin visited 190 mines and advanced projects in 16 countries.

Mr Lulin is a member of the Audit Committee.

Colin Jones BSc (Earth Sciences) MAusIMM

Non-Executive Director (Appointed 28 February 2014)

Colin Jones has 30 years of experience as a mining, exploration and consulting geologist. He has worked on all continents on producing mines, as part of feasibility teams and also in exploration. He was most recently Executive Vice President at Dundee Resources Ltd in Toronto. From 1998 to 2006, Mr. Jones served as Partner and Manager Audits for RSG Global and from 1994 to 1998, he served as an Exploration Manager for Freeport Indonesia. He has been a Director of Helio Resource Corp. since January 21, 2008 and Premium Exploration, Inc. since July 2010. Mr. Jones served as a Director of Odyssey Resources Ltd from January 2008 to September 2008 and is currently a non-executive Director of Geodrill Ltd (TSXV:GEO) and of Eurotin Inc. (TSXV:TIN).

Mr Jones is a member of the Audit Committee.

Stephen Ross BSc (Geology), GDIPAppFin (FINSA), MAusIMM, FFin Non-Executive Director
Resigned 28 February 2014

Mr. Ross has operated for over 18 years in the minerals industry in geological consulting, business development and corporate positions. He is currently the Managing Director of Manas Resources Limited, a gold exploration company based in the Kyrgyz Republic.
Mr. Ross has been involved in the West African mineral industry for 14 years, and has held senior management and technical positions whilst based in West Africa. Mr. Ross has also held senior management positions in Central Asia.
He is a member of the Australian Institute of Mining and Metallurgy and is a Fellow of the Financial Services Institute of Australia. Mr Ross was formerly a director of ASX listed Azumah Resources Limited and Central Asia Resources Limited.

Mr Ross has been a director of the following listed company during the past three years up to the date of his resignation.

Company	Position	Appointed	Ceased
Manas Resources Ltd	Managing Director	3/3/08	-

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the Group during the financial year was mineral exploration focussing primarily on the Boulsa Gold project within Burkina Faso.

There have been no significant changes in the nature of those activities during the year.

Review of results and operations

The operations and results of the Group for the financial year are reviewed below. This review includes information on the financial position of the Group, its operational activities for the year and its future business strategies.

Operating results for the year

The net loss of the Group for the financial year ended 30 June 2014 was $14,036,613 (2013: $7,240,580).

Revenue
Revenue comprised interest received and net foreign exchange gains. Interest was down 73% on prior year as a consequence of lower cash balances and lower interest rates. Net foreign exchange gains were down 93% due to the lower Company's foreign currency holdings despite the stronger USD and EURO exchange rates.

Expenses

During the year, the Company continued exploration activities at its various exploration projects on the Sartenga, Moktedu and Tanlouka projects in Burkina Faso, together with administrative expenses required to support those exploration activities. Furthermore, included in exploration expenses for the year is the exploration property interests acquired on the acquisition of Channel Resources Limited. This acquisition was determined to be an asset acquisition, rather than a business combination, as the substance and intent of the transaction was for the Group to acquire the exploration and evaluation assets of Channel for the purpose of expanding the Group's overall resource base. The vehicle containing the assets was of no consequence to the underlying substance and intent of the transaction. Consistent with the Company's accounting policy, $8,406,818 (2013: $Nil) comprising exploration property interests have been expensed. This explains the reason for expenditure on exploration increasing 120% to $12,834,799 (2013: $5,834,598).

Cash and cash equivalents at 30 June 2014 decreased by 24% to $2,522,917 (2013: $3,328,461).

Operating cash flows
Cash outflows from operating activities decreased by 19% to $5,274,350 (2013: $6,540,923). This amount decreased mainly because of the 26% decrease in exploration related expenditure.

Investing cash flows
Cash outflows from investing activities increased by 100% to $1,119,412 (2013: $559,404) due mainly to the purchase of Channel Resources Limited, with outflows attributable to the legal and other professional costs associated with that acquisition under the Plan of Arrangement, the acquisition of 19.9% of that Company in the December 2013 quarter, offset by the cash taken up on the acquisition of Channel in the March 2014 quarter.

Financing cash flows
Cash flow from financing activities decreased by 11% to $5,498,400 (2013: $6,199,625) due to the placement of shares at a lower average issue price of 13.9 cents per share than the previous year of 20 cents per share.

Statement of financial position

Current assets
Current assets decreased by 23% to $2,639,600 (2013: $3,409,666) mainly due to cash and cash equivalents decreasing 24% to $2,522,917 (2013: $3,328,461).

Non-current assets
Non-current assets decreased by 24% to $450,592 (2013: $594,528) mainly due to the depreciation charge for the year.

Current liabilities
Current liabilities decreased by 5% to $604,697 (2013: $637,425) due to a decrease in trade payables and accruals.

Debt position
The Company has no debt.

Operational activities for the year

During the year, the Group undertook the following operational activities.

A drilling program continued mainly on the Sartenga prospect, along with the newly acquired Mankarga prospect, and the following provides a summary of that drilling activity completed during the year:-

	Drilling by Quarter									
	Sep-13		Dec-13		Mar-14		Jun-14		TOTAL	
	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres
Diamond	*12*	**3,146**	*15*	**3,399**	*10*	**1,828**	*9*	**1,656**	*46*	**10,029**
RC	-	-	-	-	-	-	-	-	-	-
Auger	-	-	-	-	*281*	**1,550**	*3,281*	**16,362**	*3,562*	**17,912**
Aircore	*103*	**3,317**	*218*	**6,648**	*72*	**1,925**	*346*	**12,182**	*739*	**24,072**
RAB	-	-	-	-	-	-	-	-	-	-
	115	**6,463**	*233*	**10,047**	*363*	**5,303**	*3,636*	**30,200**	*4,347*	**52,013**

During the various quarters the following provides a summary of the Company's operational activities:-

September 2013 Quarter

- Step-out drilling at Sartenga South zone intersects 20m at 2.5g/t gold;
- High-grade rock chips up to 70.63g/t gold at Goudré Permit;
- Impressive results from Sartenga Copper-Gold Discovery; and
- 117m at 0.8% Cueq* from 107m, including 40m at 1.0% Cueq from 110m.

December 2013 Quarter

- Further deep diamond drilling at Sartenga copper-gold discovery with the best results being 231m at 0.6% Cueq from 100m including 21m at 1.1% Cueq from 201m, 40m at 0.9% Cueq from 255m and 15m at 0.8% Cueq from 305m; and
- Resource drilling underway at Moktedu Prospect

March 2014 Quarter

- Resource estimate updated for Mankarga 5 gold deposit, with inferred resources increased by 74% to 1.1Moz and indicated resources increased by 12% to 0.4Moz;
- 1.6Mtpa heap leach plant purchased – aiming for 50,000 ozpa gold production at Mankarga 5 within 2 years;
- Work continued on a scoping study;
- Signing of an agreement for the final 10% of Tanlouka Permit, with the Company now having the right to acquire 100% following complation of a positive feasibility study;
- Completed an aircore program at Mankarga 5;
- Ongoing diamond program at Mankarga 5;
- Auger drilling encompassing Tanlouka tenement commenced (Mankarga 1-4, Manesse, Tanwaka targets); and
- Aircore program commenced at Goudré.

June 2014 Quarter

- Mankarga 5 Scoping Study completed and announced in July 2014, delivering a high margin, low capital cost gold project with highlights (based on a gold price of $1,300/oz - all amounts in US dollars) being:
  - Pre-production capital of $35M plus working capital and contingency of $9M;
  - IRR of 57% with a 16-month payback on initial capital;
  - Free cash flow of $103M after capital costs;
  - NPV$^{5\%}$ of $84M;
  - Average annual gold production of 59,400 ounces for first three years;
  - Average annual gold production of 44,100 ounces for life of mine;
  - Current study mine life of 5.4 years;
  - Life of mine strip ratio 1:1;
  - Cash costs of $614/oz; and
  - All-in sustaining cash costs of $685/oz (including cash costs, royalties, refining & sustaining capital)
- Metallurgical test work confirmed the CIL potential of the Mankarga 5 deposit, with gold recoveries up to 98.5% and averaging 93.8% in direct cyanidation test work after 48 hours, at a grind size of 80% passing 100 microns. This confirmed that the Mankarga 5 mineralisation is non-refractory and amenable to conventional milling and CIL processing. The results also demonstrated very low cyanide consumption averaging 0.28kg/t.

Corporate

- In August 2013, the Company proposed the acquisition of TSX-V Channel Resources Limited which includes the 90% interest in the Tanlouka Gold Project, adjacent to WAF's Boulsa Project in Burkina Faso, which was completed in January 2014 by way of a plan of arrangement;
- 19.9% interest in CHU completed via $1.5m placement;
- In September 2013, the Company completed a $2.9 million placement of 19 million ordinary shares at 15 cents to accelerate resource definition drilling at WAF's Moktedu Project and on the adjacent Tanlouka Gold Project, following completion of the acquisition of TSXV Channel Resources Limited ('CHU'). The placement was made in accordance with the Company's available 15% capacity pursuant to ASX Listing Rule 7.1; and
- In January 2014, the Company completed a transaction announced on 14 August 2013, pursuant to which it acquired, by way of a Plan of Arrangement ('Arrangement'), all of the issued and outstanding common shares and options of Channel Resources Limited ('Channel').

The terms of the Arrangement were as follows:-

1. The common shares of Channel exchanged for ordinary shares in the Company at a ratio of four Channel shares for one Company share - 29,837,123 shares were issued on 17 January 2014, resulting in Channel shareholders holding 12.1% of the total outstanding shares of West African;
2. Channel shareholders received one share purchase warrant for every two Company shares received in the Arrangement, each Warrant being exercisable to acquire one Company share at a price of A$0.40 expiring 17 January 2017 - 14,918,508 Warrants were issued on 17 January 2014;
3. Each outstanding Channel option to acquire a Channel share was exchanged for one quarter of a West African option - 1,365,000 unlisted options were issued on 17 January 2014 with exercise prices between 42 cents and $1.66 and expiry dates between 31 March 2014 and 26 July 2017; and
4. Under contractual commitments with key management of Channel, the closing of the Arrangement triggered certain payments to each of the CEO and the SVP & CFO of Channel. Under the Arrangement agreement, Channel and West African agreed to settle the change of control payments payable by Channel to the CEO and the SVP & CFO by way of an aggregate CDN$550,000 payment (CDN$275,000 in cash and CDN$275,000 in West African shares). In settlement of the CDN$275,000 share component, 2,199,631 shares were issued on 17 January 2014.

Pursuant to the terms of the Arrangement, the Company sought listing on the TSX.V, with conditional approval being granted on 15 January 2014. This allowed for the closing of the transaction on 17 January 2014 and the listing of West African common shares and warrants under the symbols "WAF" and "WAF Wt" respectively occurred on 24 January 2014.

- In April 2014, the Company completed a $3.0 million placement of 23 million ordinary shares at 13 cents.

Future Business Strategy

The Company's future business strategy includes:-

- Exploration review, strategy and preparation for 2014-15 field season
- Commencing Feasibility Studies including:
    - Further metallurgical test work;
    - Resource estimation studies;
    - Commencing environmental and social impact studies; and
    - Targeting near term production from a low capex heap leach project at Moktedu and Tanlouka.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity to the date of this report, not otherwise disclosed elsewhere in this report.

Significant events after balance date

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Therefore, this information has not been presented in this report.

Remuneration report (Audited)

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

This report outlines the remuneration arrangements in place for directors and executives of West African Resources Limited (the "company").

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and key management personnel. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive compensation 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution specifies that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking a review process.

The compensation of non-executive directors for the period ending 30 June 2014 is detailed below.

B. Details of remuneration for the year ended 30 June 2014

Directors		Short term benefits	Share based payments		Total	%	%
		Director & Consulting Fees* (paid/payable)	Options	Shares		Performance related	Remunerations consisting of options
Francis Harper	**2014**	**35,000**	**29,263**	**-**	**64,263**	**-**	**46%**
	2013	35,000	72,274	-	107,274	-	67%
Richard Hyde	**2014**	**280,000**	**78,035**	**-**	**358,035**	**-**	**22%**
	2013	280,000	192,730	-	472,730	-	41%
Stephen Ross Resigned 28/2/14	**2014**	**26,250**	**14,632**	**-**	**40,882**	**-**	**36%**
	2013	35,000	36,137	-	71,137	-	51%
Simon Storm	**2014**	**58,663**	**14,632**	**-**	**73,295**	**-**	**20%**
	2013	44,940	36,137	-	81,077	-	45%
Jean-Marc Lulin Appointed 29/1/14	**2014**	**15,944**	**-**	**-**	**15,944**	**-**	**0%**
Colin Jones Appointed 28/2/14	**2014**	**11,764**	**-**	**-**	**11,764**	**-**	**0%**
Total	**2014**	**427,621**	**136,562**	**-**	**564,183**	**-**	**24%**
	2013	394,940	337,278	-	732,218	-	46%

C. Service agreements

The Company has entered into a consultancy agreement with Azurite Consulting Pty Ltd, an entity associated with Richard Hyde, for the term of 3 years, for the provision of technical and corporate services. Annual fees payable to Azurite are $280,000 plus GST to be reviewed annually. The Company may terminate the consultancy agreement on 1 month's notice by paying 12 months of consultancy fees. Azurite may terminate the consultancy agreement due to breach or upon 3 months notice.

The Company has entered into a consultancy agreement with Dorado Corporate Services Pty Ltd, an entity associated with Simon Storm, for the provision of company secretarial and accounting services. These fees comprise a retainer of $3,745 per month together with fees of $165 per hour, where the number of hours each month exceeds 20 by Mr Storm.

D. Option holdings of Key Management Personnel (Consolidated)

30-Jun-14	Balance at beginning of period 1 Jul 2013	Options Exercised	Net Change Other	Balance at end of period 30 Jun 2014	Vested at 30 June 2014		
					Total	Exercisable	Not Exercisable
Directors							
Francis Harper[4]	1,500,000		(854,881)	645,119	645,119	645,119	-
Richard Hyde	4,000,000		(4,000,000)	-	-	-	-
Stephen Ross[3]	750,000		(750,000)	-	-	-	-
Simon Storm	750,000		(750,000)	-	-	-	-
Jean-Marc Lulin[1]	-		125,000	125,000	118,750	118,750	-
Colin Jones[2]	-		-	-	-	-	-
Total	**7,000,000**	**-**	**(6,229,881)**	**770,119**	**763,869**	**763,869**	**-**

[1] appointed 29 January 2014 - previous options held in Channel converted to West African options

[2] appointed 28 February 2014

[3] resigned 28 February 2014

[4] 645,119 options issued to an associate in consideration for Blackwood Capital Ltd facilitating the exercise of the options in January 2013, approved by shareholders on 27 November 2013, and expiry of 1,500,000 options.

30-Jun-13	Balance at beginning of period 1 Jul 2012	Options Exercised	Net Change Other[1]	Balance at end of period 30 Jun 2013	Vested at 30 June 2013			Gain on exercise of options $
					Total	Exercisable	Not Exercisable	
Directors								
Francis Harper	9,000,000	(200,000)	(7,300,000)	1,500,000	1,500,000	1,500,000	-	16,000
Richard Hyde	14,000,000	(1,000,000)	(9,000,000)	4,000,000	4,000,000	4,000,000	-	80,000
Stephen Ross	8,250,000	(500,000)	(7,000,000)	750,000	750,000	750,000	-	40,000
Simon Storm	3,250,000	(200,000)	(2,300,000)	750,000	750,000	750,000	-	16,000
Total	**34,500,000**	**(1,900,000)**	**(25,600,000)**	**7,000,000**	**7,000,000**	**7,000,000**	**-**	**152,000**

Shares issued on Exercise of Compensation Options (Consolidated)

No shares were issued on exercise of compensation options in the year ended 30 June 2014 (30 June 2013: 1,900,000).

E. Share holdings of Key Management Personnel (Consolidated)

30-Jun-14	Balance at beginning of period 1 July 2013	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2014
Directors					
Francis Harper	18,012,725	-	-	1,007,000	19,019,725
Richard Hyde	16,050,000	-	-	-	16,050,000
Stephen Ross	1,750,000	-	-	-	1,750,000
Simon Storm	2,850,000	-	-	10,000	2,860,000
Jean-Marc Lulin	-	-	-	85,000	85,000
Colin Jones	-	-	-	-	-
Total	**38,662,725**	**-**	**-**	**1,102,000**	**39,764,725**

30-Jun-13	Balance at beginning of period 1 July 2012	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2013
Directors					
Francis Harper	17,812,725	-	200,000	-	18,012,725
Richard Hyde	15,050,000	-	1,000,000	-	16,050,000
Stephen Ross	1,250,000	-	500,000	-	1,750,000
Simon Storm	2,650,000	-	200,000	-	2,850,000
Total	**36,762,725**	**-**	**1,900,000**	**-**	**38,662,725**

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

F. Loans to Key Management Personnel (Consolidated)

No loans have been provided to key management personnel during the year.

G. Transactions with Key Management Personnel (Consolidated)

	Consolidated 2014 $	Consolidated 2013 $
Directors		
The Director and Company Secretary, Mr Storm is a director and shareholder of Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services to the company on normal commercial terms.	**43,650**	35,025
The Director, Mr Harper, is a director and shareholder of Blackwood Capital Ltd which has provided consultancy and capital raising services to the company on normal commercial terms.	**361,256**	361,181
	404,906	396,206

End of Remuneration Report

Directors' Interests

The relevant interest of each director in the shares and options over shares issued by the Group at the date of this reports is as follows:

Directors	Ordinary Shares Direct Interest	Ordinary Shares Indirect Interest	Options Direct Interest	Options Indirect Interest
Francis Harper	13,330,372	5,689,353	-	645,119
Richard Hyde	7,500,000	8,550,000	-	-
Stephen Ross	-	1,750,000	-	-
Simon Storm	-	2,860,000	-	-
Jean-Marc Lulin	85,000	-	125,000	-
Colin Jones	-	-	-	-

Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Directors Meetings		Audit Committee Meetings	
	A	B	A	B
Francis Harper	5	5	1	1
Richard Hyde	5	5	n/a	n/a
Stephen Ross	3	4	n/a	n/a
Simon Storm	5	5	n/a	n/a
Jean-Marc Lulin	1	1	1	1
Colin Jones	0	1	0	1

A - meetings attended
B - meetings held whilst a director

Share Options

At the date of the report unissued ordinary shares of the Group under option are:

Grant date	Date of Expiry	Exercise Price	Number under Option
20-Jan-12	20-Jan-15	0.48	2,500,000
12-Jun-12	12-Jun-15	0.25	575,000
17-Sep-12	17-Sep-15	0.30	200,000
16-Jan-13	16-Jan-16	0.30	2,171,792
27-Nov-13	17-Jan-17	0.40	1,935,357
17-Jan-14	5-Nov-14 to 26-Jul-17	0.42-1.66	1,253,750
Total			8,635,899

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This written Auditor's Independence Declaration is attached to the Auditor's Independent Audit Report to the members and forms part of this Directors' Report.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated entity are important.

The Board of directors would consider the position, through the Audit Committee, and satisfy themselves that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Furthermore, the Directors need to ensure that

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

During the year under review, no fees were paid or payable to the current auditor for non-audit services.

	Consolidated	
	2014 $	2013 $
The auditor of West African Resources Ltd is HLB Mann Judd.		
Audit or review of the financial statements	**26,000**	-
	26,000	-
Amounts received or due and receivable by non HLB Mann Judd audit firms		
R&D tax incentive	**32,086**	-
Audit or review of the financial statements	**6,252**	41,208
Certification of expenditure	**-**	731
	38,338	41,939

Signed in accordance with a resolution of the directors.

Richard Hyde
Director

Perth, 26 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Revenue from continuing operations	**2(a)**	**40,374**	151,325
Other income		**14,719**	-
Foreign exchange gain	**2(a)**	**18,908**	256,022
Regulatory and compliance expense		**(104,541)**	(69,202)
Office expense		**(146,392)**	(113,331)
Depreciation expense	**2(b)**	**(351,053)**	(526,417)
Personnel expense		**(204,851)**	(183,503)
Travel and accommodation expense		**(40,090)**	(37,039)
Property expense		**(97,034)**	(51,873)
Consulting fee expense		**(248,863)**	(116,860)
Audit fees		**(81,703)**	(49,706)
Director's fees		**(88,958)**	(70,000)
Share based payments	**20**	**(229,020)**	(595,398)
Exploration related costs	**2(b)**	**(12,834,799)**	(5,834,598)
Loss before tax		**(14,353,303)**	(7,240,580)
Income tax benefit	**3**	**316,690**	**-**
Loss after tax		**(14,036,613)**	(7,240,580)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**385,970**	69,589
Other comprehensive income, net of income tax		**385,970**	69,589
Total comprehensive loss for the year attributable to the owners of West African Resources Ltd		**(13,650,643)**	(7,170,991)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)	**4**	**(6.1)**	(3.9)

Diluted loss per share is not disclosed as it is not materially different to basic loss per share

The accompanying notes form part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
CURRENT ASSETS			
Cash and cash equivalents	**6**	**2,522,917**	3,328,461
Trade and other receivables	**7**	**83,741**	59,295
Financial assets	**8**	**32,942**	21,910
Total Current Assets		**2,639,600**	3,409,666
NON-CURRENT ASSETS			
Plant & equipment	**9**	**450,592**	594,528
Total Non-Current Assets		**450,592**	594,528
TOTAL ASSETS		**3,090,192**	4,004,194
CURRENT LIABILITIES			
Trade and other payables	**10**	**604,697**	637,425
Total Current Liabilities		**604,697**	637,425
TOTAL LIABILITIES		**604,697**	637,425
NET ASSETS		**2,485,495**	3,366,769
EQUITY			
Issued capital	**11**	**32,173,325**	20,508,445
Reserves	**12**	**3,368,039**	1,877,580
Accumulated losses		**(33,055,869)**	(19,019,256)
TOTAL EQUITY		**2,485,495**	3,366,769

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
		Inflows/	
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(988,919)**	(684,560)
Exploration related expenditure		**(4,446,921)**	(6,021,776)
Purchase of prospects and investments		**(195,374)**	-
Interest received		**40,174**	165,413
Other - R&D tax offset		**316,690**	-
Net cash outflow from operating activities	**6(ii)**	**(5,274,350)**	(6,540,923)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		**(163,880)**	(559,404)
Purchase of equity investments		**(4,367)**	-
Payment for security deposit		**(11,032)**	-
Channel acquisition costs	**21**	**(355,568)**	-
Cash paid for acquisition of Channel	**21**	**(1,877,493)**	-
Cash taken up on acquistion of Channel	**21**	**1,259,790**	-
Proceeds from sale of investments		**33,138**	-
Net cash outflow from investing activities		**(1,119,412)**	(559,404)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**5,858,416**	6,558,604
Share issue related costs		**(360,016)**	(358,979)
Net cash inflow from financing activities		**5,498,400**	6,199,625
Net (decrease) in cash held		**(895,362)**	(900,702)
Cash at the beginning of the financial year		**3,328,461**	3,929,293
Effect of exchange rate changes on the balance of cash held in foreign currencies		**89,818**	299,870
Cash at the end of the financial period	**6(i)**	**2,522,917**	3,328,461

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated				
	Issued Capital	(Accumulated Losses)	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	$	$	$	$	$
Balance at 1 July 2012	14,564,657	(11,778,676)	(27,255)	984,011	3,742,737
Shares issued during the year net of transaction costs	5,943,788	-	-	-	5,943,788
Loss after tax	-	(7,240,580)	-	-	(7,240,580)
Net exchange differences on translation of the financial reports of foreign subsidiaries	-	-	69,589	-	69,589
Options issued - share based payment	-	-	-	595,398	595,398
Options issued - share issue costs	-	-	-	255,837	255,837
Balance at 30 June 2013	20,508,445	(19,019,256)	42,334	1,835,246	3,366,769
Balance at 1 July 2013	**20,508,445**	**(19,019,256)**	**42,334**	**1,835,246**	**3,366,769**
Shares issued during the year net of transaction costs	**11,664,880**	**-**	**-**	**-**	**11,664,880**
Loss after tax	**-**	**(14,036,613)**	**-**	**-**	**(14,036,613)**
Net exchange differences on translation of the financial reports of foreign subsidiaries	**-**	**-**	**385,970**	**-**	**385,970**
Share based payments	**-**	**-**	**-**	**1,104,489**	**1,104,489**
Balance at 30 June 2014	**32,173,325**	**(33,055,869)**	**428,304**	**2,939,735**	**2,485,495**

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements are general purpose financial statements which have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards). We have also made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated.

The company is a public company, incorporated in Australia and operating in Australia. The Company was incorporated on 1 September 2006 as a proprietary company and converted to a public company on 16 November 2007. The company listed on the ASX on 11 June 2010.

Separate financial statements for West African Resources Limited, an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. However, required financial information for West African Resources Limited as an individual entity is included in Note 22.

(b) Adoption of new and revised standards

In the year ended 30 June 2014, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Principles of Consolidation

The consolidated financial statements comprise the financial statements of West African Resources Limited and its subsidiaries (“the Group”). The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which West African Resources Limited has control.

(e) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(f) Income Tax

The income tax expense or benefit for the year is based on the profit or loss for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date.

Deferred tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(g) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Exploration and Evaluation Expenditure

Mineral exploration and evaluation costs are expensed as incurred. Acquisition costs will normally be expensed but will be assessed on a case by case basis and if appropriate may be capitalised. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the tenement. Accumulated acquisition costs in relation to an abandoned tenement are written off in full against profit or loss in the year in which the decision to abandon the tenement is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, all future costs are recorded as a development asset.

(i) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(j) Trade and other accounts payable

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(k) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(l) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

(m) Issued Capital

Ordinary Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(n) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(o) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(p) Share Based Payments

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes or Binomial option pricing models.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the

(p) Share Based Payments (continued)

likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(q) Foreign currency translation

Both the functional and presentation currency of West African Resources Limited and its Australian subsidiary is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the foreign subsidiaries, Wura Resources Pty Ltd SARL, Swan Resources SARL, Hawthorn Resources SARL, West African Resources Exploration SARL, West African Resources Development SARL, West African Resources Ltd SARL and Tanlouka SARL is the Communaute Financiere Africaine Franc (CFA). The functional currency of the foreign subsidiary, Channel Resources Ltd is the Canadian Dollar (CAD). The functional currency of the foreign subsidiaries, Channel Resources (Cayman I) Ltd and Channel Resources (Cayman II) Ltd is the United States Dollar (USD).

As at the reporting date the assets and liabilities of this subsidiary are translated into the presentation currency of West African Resources Limited at the rate of exchange ruling at the balance date and their income statements are translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(r) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(r) Financial assets (continued)

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of

selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(s) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(t) Acquisitions outside of the scope of AASB 3 Business Combinations

Where the Group has acquired control of another entity which principally holds exploration assets, or assets in predevelopment, and that entity has no reserves, the substance of the transaction is reviewed. If the sole purpose of the transaction is to increase the resource base of the Group, and the vehicle containing the assets was of no consequence to the underlying substance of the transaction, the transaction is viewed to be outside of the scope of AASB 3 Business Combinations.

The acquisition of Channel Resources Limited is outside of the scope of AASB 3 Business Combinations as it did not meet the definition of "business" according to that standard. The acquisition of the net assets of these companies, excluding the cash and the financial assets, meets the definition of, and has been accounted for as, a share-based payment transaction for the acquisition of assets.

(u) Parent Entity Financial Information

The financial information for the parent entity, West African Resources Limited disclosed in Note 22 has been prepared on the same basis as the Group.

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2014 $	2013 $
(a) Revenue		
Interest received	**40,374**	151,325
Other income	**14,719**	-
Net foreign exchange gains	**18,908**	256,022
	74,001	407,347

	Consolidated	
	2014 $	2013 $
The loss from ordinary activities before income tax has been determined after:		
(b) Expenses		
Depreciation of non-current assets	**351,053**	526,417
Exploration expenditure		
Exploration costs relating to the Channel acquisition	**8,406,818**	-
Exploration costs on the Company's projects	**4,427,981**	5,834,598
	12,834,799	5,834,598

NOTE 3: INCOME TAX

(a) Income tax recognised in profit or loss

No income tax is payable by the consolidated entity as they recorded losses for income tax purposes for the year.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

	Consolidated	
	2014 $	2013 $
Accounting loss before tax	**(14,353,303)**	(7,240,580)
Income tax benefit at 30% (2013:30%)	**4,305,991**	2,172,174
Non-deductible expenses:		
Foreign exchange gain	**25,698**	76,807
Share based payments	**(68,706)**	(178,619)
Other non deductible expenses	**(1,047)**	(1,056)
Temporary differences not recognised	**113,880**	57,048
Unused tax losses not recognised	**(717,264)**	(2,126,354)
R&D tax incentive	**316,690**	-
Income tax benefit attributable to loss from ordinary activities before tax	**316,690**	-

	Consolidated	
	2014 $	2013 $
Unrecognised deferred tax balances		
Tax losses attributable to members of the group - revenue	**28,773,566**	16,930,980
Potential tax benefit at 30%	**8,632,070**	5,079,294
Deferred tax liabilities		
Taxable temporary differences:		
Accrued interest	**-**	(4,121)
Deferred tax asset asset not booked		
Amounts recognised in profit & loss:		
-accrued expenses	**54,712**	49,235
-share issue costs	**177,812**	174,788
Net unrecognised deferred tax asset at 30%	**8,864,594**	5,299,196

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(f) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(f) are satisfied.

NOTE 4: LOSS PER SHARE

	Consolidated	
	2014 Cents	2013 Cents
Basic and diluted loss per share (cents per share)	**(6.1)**	(3.9)
The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Loss for the year	**(14,036,613)**	(7,240,580)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	**231,583,866**	185,887,946

NOTE 5: SEGMENT REPORTING

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of West African Resources Ltd.

The Group operates only in one business and geographical segment being predominantly in the area of mineral exploration in the Boulsa Gold Project in Burkina Faso, Africa. The Group considers its business operations in mineral exploration to be its primary reporting function.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2014 $	2013 $
Cash at bank and in hand	**408,604**	67,023
Deposits at call	**2,114,313**	3,261,438
	2,522,917	3,328,461

Cash at bank earns interest at floating rates based on daily bank deposit rates

NOTE 6: CASH AND CASH EQUIVALENTS (Continued)

	Consolidated	
	2014 $	2013 $
(i) Reconcilation to Statement of Cash Flows		
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.		
Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	**2,522,917**	3,328,461

(ii) Reconciliation of loss after income tax to net cash flows from operating activities:

	Consolidated	
	2014 $	2013 $
Loss after income tax	**(14,036,613)**	(7,240,580)
Gain on sale of current financial assets	**(14,719)**	-
Depreciation	**351,053**	526,417
Share based payments	**229,020**	595,398
Foreign exchange (gain)/loss	**(18,908)**	(256,022)
Change in net assets and liabilities, net of effects from acquistion of business	**8,016,796**	-
	(5,473,371)	(6,374,787)
Changes in operating assets and liabilities, net of the effects of purchase of subsidiaries:		
(Increase)/decrease in trade and other receivables	**(12,485)**	10,675
(Decrease)/Increase in trade and other payables	**211,506**	(176,811)
Net cash (outflow) from operating activities	**(5,274,350)**	(6,540,923)

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014 $	2013 $
Current		
Interest receivable	**-**	13,738
Prepayments	**2,550**	-
Other receivables	**81,191**	45,557
	83,741	59,295

All receivables are considered current and there were no receivables which are past due or impaired.

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated 2014 $	Consolidated 2013 $
Current		
Term deposit	**32,942**	21,910
	32,942	21,910

NOTE 9 : PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group				
	Buildings $	Office Equipment $	Plant & Equipment $	Motor Vehicles $	Total $
Year ended 30 June 2013					
At 1 July 2012, net of accumulated depreciation	-	31,177	270,543	245,549	547,269
Effects of movement in foreign exchange	(984)	1,727	5,362	8,168	14,273
Additions	31,107	24,475	376,680	127,141	559,403
Depreciation charge for the year	(8,226)	(21,431)	(274,876)	(221,884)	(526,417)
At 30 June 2013, net of accumulated depreciation	21,897	35,948	377,709	158,974	594,528
Year ended 30 June 2014					
At 1 July 2013, net of accumulated depreciation	**21,897**	**35,948**	**377,709**	**158,974**	**594,528**
Effects of movement in foreign exchange	**626**	**1,344**	**11,369**	**5,252**	**18,591**
Additions	**-**	**28,147**	**160,379**	**-**	**188,526**
Depreciation charge for the year	**(10,815)**	**(28,913)**	**(205,790)**	**(105,535)**	**(351,053)**
At 30 June 2014, net of accumulated depreciation	**11,708**	**36,526**	**343,667**	**58,691**	**450,592**
At 30 June 2013					
Cost	31,107	96,933	1,048,834	764,412	1,941,286
Accumulated depreciation	(9,210)	(60,985)	(671,125)	(605,438)	(1,346,758)
Net carrying amount	21,897	35,948	377,709	158,974	594,528
At 30 June 2014					
Cost	**31,588**	**153,847**	**1,225,420**	**776,224**	**2,187,079**
Accumulated depreciation	**(19,880)**	**(117,321)**	**(881,753)**	**(717,533)**	**(1,736,487)**
Net carrying amount	**11,708**	**36,526**	**343,667**	**58,691**	**450,592**

The useful life of the assets was estimated as 3 years.

NOTE 10: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated 2014 $	Consolidated 2013 $
Current		
Trade payables	**422,325**	473,308
Accruals	**141,023**	112,919
Other payables	**41,349**	51,198
	604,697	637,425

Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 11: ISSUED CAPITAL

	Consolidated 2014 $	Consolidated 2013 $
270,301,498 (2013: 196,131,467) fully paid ordinary shares	**32,173,325**	20,508,445

(a) Shares

(i) Ordinary shares - number	2014 No.	2013 No.
At start of period	**196,131,467**	163,338,445
Issue of shares 12 September 2012	**-**	22,378,724
Exercise of options 16 January 2013	**-**	1,900,000
Exercise of options 16 January 2013	**-**	8,514,298
Issue of shares 5 September 2013	**19,054,516**	-
Issue of shares 17 January 2014	**29,837,123**	-
Issue of shares 17 January 2014	**2,199,631**	-
Issue of shares 4 April 2014	**23,078,761**	-
Balance at 30 June 2014	**270,301,498**	196,131,467

(ii) Ordinary shares – value	Consolidated 2014 $	Consolidated 2013 $
At start of period	**20,508,445**	14,564,657
Issue of shares 12 September 2012	**-**	4,475,745
Exercise of options 16 January 2013	**-**	380,000
Exercise of options 16 January 2013	**-**	1,702,859
Issue of shares 5 September 2013	**2,858,178**	-
Issue of shares 17 January 2014	**5,967,425**	-
Issue of shares 17 January 2014	**285,952**	-
Issue of shares 4 April 2014	**3,000,239**	-
Share issue costs	**(446,914)**	(614,816)
Balance at 30 June 2014	**32,173,325**	20,508,445

NOTE 11: ISSUED CAPITAL (continued)

(b) Options

	Consolidated	
	2014 No.	2013 No.
At start of period	**13,796,792**	38,925,000
Options lapsed	**(7,250,000)**	(17,085,702)
Issue of options 17 September 2012	**-**	200,000
Issue of options 16 January 2013	**-**	2,171,792
Exercise of options 16 January 2013	**-**	(1,900,000)
Exercise of options 16 January 2013	**-**	(8,514,298)
Issue of options 27 November 2013	**1,935,357**	-
Issue of options 17 January 2014	**1,365,000**	-
Expiry of options	**(111,250)**	-
Balance at 30 June 2014	**9,735,899**	13,796,792

(c) Warrants

	Consolidated	
	30/06/2014 No.	30/06/2013 No.
At start of period	**-**	-
Issue of warrants 17/1/14	**14,918,508**	-
Balance at 30 June 2014	**14,918,508**	-

NOTE 12: RESERVES

	Consolidated	
	2014 $	2013 $
Reserves	**3,368,039**	1,877,580

Reserves comprise the following:

Foreign Currency Translation Reserve

	2014 $	2013 $
At start of period	**42,334**	(27,255)
Currency translation differences	**385,970**	69,589
Balance at 30 June 2014	**428,304**	42,334

Share Based Payments Reserve

	2014 $	2013 $
At start of period	**1,835,246**	984,011
Options issued - share based payment expense	**229,020**	595,398
Options issued - share issue costs	**86,898**	255,837
Warrants issued - investment	**734,252**	-
Options issued - investment	**54,319**	-
Balance at 30 June 2014	**2,939,735**	1,835,246

NOTE 12: RESERVES (continued)

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of loans to foreign subsidiaries that are expected to be repaid in the long term and the translation of the financial statements of foreign subsidiaries.

Shared Based Payments reserve

The Shared Based Payments reserve is used to recognise the fair value of options issued to directors and employees but not exercised.

NOTE 13: FINANCIAL INSTRUMENTS

Consolidated			Fixed Interest Rate Maturing				
30-Jun-14	Weighted Average Effective Interest Rate	Floating Interest Rate $	Within Year $	1 to 5 Years $	Over 5 Years $	Non-interest bearing $	Total $
Financial Assets:							
Cash & cash equivalents	**1.6%**	**408,604**	**2,005,571**	**-**	**-**	**108,742**	**2,522,917**
Trade and other receivables		**-**	**-**	**-**	**-**	**83,741**	**83,741**
Financial Assets		**-**	**32,942**	**-**	**-**	**-**	**32,942**
Total Financial Assets		**408,604**	**2,038,513**	**-**	**-**	**192,483**	**2,639,600**
Financial Liabilities:							
Trade and other payables		**-**	**-**	**-**	**-**	**604,697**	**604,697**
Total financial liabilities		**-**	**-**	**-**	**-**	**604,697**	**604,697**

Consolidated			Fixed Interest Rate Maturing				
30-Jun-13	Weighted Average Effective Interest Rate	Floating Interest Rate $	Within Year $	1 to 5 Years $	Over 5 Years $	Non-interest bearing $	Total $
Financial Assets:							
Cash & cash equivalents	2.8%	67,023	1,003,168	-	-	2,258,270	3,328,461
Trade and other receivables		-	-	-	-	59,295	59,295
Financial Assets		-	21,910	-	-	-	21,910
Total Financial Assets		67,023	1,025,078	-	-	2,317,565	3,409,666
Financial Liabilities:							
Trade and other payables		-	-	-	-	637,425	637,425
Total financial liabilities		-	-	-	-	637,425	637,425

NOTE 14: EXPENDITURE COMMITMENTS AND CONTINGENCIES

Expenditure commitments contracted for:	Consolidated 2014 $	2013 $
Exploration Tenements		
In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements and are payable:		
- not later than 12 months	**892,159**	2,995,643
- between 12 months and 5 years	**4,987,508**	1,286,051
- greater than 5 years	**-**	-
	5,879,667	4,281,694

In July 2007, the Company's subsidiary Wura Resources Pty Ltd SARL entered into an agreement with the vendors of Temfor Sarl for Wura Resources Pty Ltd SARL to acquire the mining right interests known as Zam that forms part of the Boulsa Gold Project in Burkina Faso in West Africa.

Further payments to Temfor are as follows:
- If Wura Resources Pty Ltd SARL elects to renew the permit to Zam for three years, $20,000 on each anniversary date of listing during the three year period; and
- If a mineral deposit is discovered on Zam, a net smelter royalty on gold extracted from Zam of 2%. Wura Resources Pty Ltd SARL will be granted an option to acquire 50% of the net smelter royalty for the sum at a fair market price as determined by an independent expert.

Contingent Liabilities

On 5 March 2014, the Company through Channel Resources Limited and its group subsidiary, Channel Resources (Cayman II) Ltd, entered into an agreement to acquire the remaining 10% of the Tanlouka Permit, part of the Boulsa Project, Burkina Faso. The acquisition will take the Group to 100% ownership of the permit.

The acquisition, which is conditional on completion of a positive feasibility within 18 months, comprised the following consideration:
- US$50,000 on execution of the agreement; and
- the issue of 2,500,000 ordinary shares in West African Resources Ltd and payment of US$250,000 following completion of a positive feasibility study on the Tanlouka permit.

Other Contingencies

At the date of this report, the authorities in Burkina Faso are lodging claims with various exploration companies operating in Burkina Faso for withholding taxes on payments of various non resident service providers and the regulation of the contracts of expatriate staff in accordance with taxation regulations in force. Whilst the Company believes it has complied with local regulations, some aspects of the regulations are open to interpretation. The Company has not received any formal claim and in the event of one being received, the effect, if any, that these claims will have, or which future claims will have on the consolidated entity's operations in Burkina Faso is not yet known.

NOTE 15: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of West African Resources Limited and the subsidiaries listed in the following table.

Controlled entities	Country of incorporation	Percentage Owned 2014 %	Percentage Owned 2013 %
Parent Entity:			
West African Resources Ltd	Australia		
Subsidiaries of West African Resources Ltd:			
Wura Resources Pty Ltd SARL	Burkina Faso	**100**	100
Wura Uranium Resources Pty Ltd	Australia	**100**	100
Swan Resources SARL	Burkina Faso	**100**	100
Hawthorn Resources SARL	Burkina Faso	**100**	100
West African Resources Exploration SARL	Burkina Faso	**100**	100
West African Resources Development SARL	Burkina Faso	**100**	100
West African Resources Ltd SARL	Burkina Faso	**100**	-
Channel Resources Ltd	Canada	**100**	-
which owns			
Channel Resources (Cayman I) Ltd	Cayman Islands	**100**	-
which owns			
Channel Resources (Cayman II) Ltd	Cayman Islands	**100**	-
which owns			
Tanlouka SARL	Burkina Faso	**100**	-

The Company finances the operations of Wura Resources Pty Ltd SARL, Wura Uranium Resources Pty Ltd, Swan Resources SARL, Hawthorn Resources SARL, Channel Resources Ltd, Channel Resources (Cayman II) Ltd and Tanlouka SARL and thus these companies will have unsecured borrowings from the Company that are interest free and at call. The ability for these controlled entities to repay debts due to the company (and other parties) will be dependent on the commercialisation of the mining assets owned by the subsidiaries.

Amounts owed by / (to) Related Parties	Consolidated 2014 $	Consolidated 2013 $	Parent Entity 2014 $	Parent Entity 2013 $
Subsidiaries				
Wura Resources Pty Ltd SARL	**-**	-	**17,876,740**	14,742,847
Wura Uranium Resources Pty Ltd	**-**	-	**21,829**	21,593
Tanlouka SARL	**-**	-	**287,398**	-
Channel Resources (Cayman II) Ltd	**-**	-	**53,763**	-
Channel Resources Ltd	**-**	-	**(347,778)**	-
Total	**-**	-	**17,891,952**	14,764,440
Provision for impairment	**-**	-	**(17,898,333)**	(14,764,440)
	-	-	**(6,381)**	-
Amounts payable to Directors for Directors Fees (including GST)	**52,792**	54,542	**52,792**	54,542
Amounts payable to Directors for Consulting Fees (including GST)	**4,120**	4,120	**4,120**	4,120

Further information with respect to related party transactions are included in Note 18.

NOTE 16: SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 17: AUDITORS' REMUNERATION

	Consolidated	
	2014 $	2013 $
The auditor of West African Resources Ltd is HLB Mann Judd.		
Audit or review of the financial statements	**26,000**	-
	26,000	-
Amounts received or due and receivable by non HLB Mann Judd audit firms		
R&D tax incentive	**32,086**	-
Audit or review of the financial statements	**6,252**	41,208
Certification of expenditure	**-**	731
	38,338	41,939

NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Directors

Francis Harper	Chairman (non-executive)
Richard Hyde	Managing Director
Simon Storm	Director (non-executive)
Jean-Marc Lulin	Director (non-executive)
Colin Jones	Director (non-executive)

(b) Compensation of Key Management Personnel

	Consolidated	
	2014 $	2013 $
Short-term employee benefits	**427,621**	394,940
Share-based payments	**136,562**	337,278
	564,183	732,218

(c) Compensation by category of Key Management Personnel for the year ended 30 June 2014

Consulting fees were paid to directors, details of which are included in the Remuneration Report in the Directors Report and are excluded from this table.

NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES (Continued)

(d) Other transactions and balances with Key Management Personnel

	Consolidated	
	2014 $	2013 $
Directors		
The Director and Company Secretary, Mr Storm is a director and shareholder of Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services to the company on normal commercial terms.	**43,650**	35,025
The Director, Mr Harper, is a director and shareholder of Blackwood Capital Ltd which has provided consultancy and capital raising services to the company on normal commercial terms.	**361,256**	361,181
	404,906	396,206

NOTE 19: FINANCIAL RISK MANAGEMENT

The Consolidated entity's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Consolidated entity's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Consolidated entity.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Group held the following financial instruments:

	Consolidated	
	2014 $	2013 $
Financial assets		
Cash and cash equivalents	**2,522,917**	3,328,461
Trade and other receivables	**83,741**	59,295
Financial Assets	**32,942**	21,910
	2,639,600	3,409,666
Financial liabilities		
Trade and other payables	**(604,697)**	(637,425)

(a) Market risk

Cash flow and fair value interest rate risk

The Consolidated entity's main interest rate risk arises from cash deposits to be applied to exploration of areas of interest. Deposits at variable rates expose the Consolidated entity to cash flow interest rate risk. Deposits at fixed rates expose the Consolidated entity to fair value interest rate risk. During 2014 and 2013, the Consolidated entity's deposits at variable rates were denominated in Australian Dollars.

As at the reporting date, the Consolidated entity had the following variable rate deposits and there were no interest rate swap contracts outstanding:

NOTE 19: FINANCIAL RISK MANAGEMENT (Continued)

	2014 Weighted average interest rate %	Balance $	2013 Weighted average interest rate %	Balance $
Deposits and Cash at Bank		**2,414,175**		1,070,191
Net exposure to cash flow interest rate risk	1.6%	**2,414,175**	2.8%	1,070,191

The Consolidated entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into the renewal of existing positions.

Sensitivity – Consolidated and Parent entity

During 2014 and 2013, if interest rates had been 10% higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax loss for the year. Equity would not have been impacted materially.

Foreign currency risk

As a result of operations in Burkina Faso and purchases denominated in CFA Francs, the Group's statement of financial position can be affected by movements in the CFA Franc/A$ exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by minimising its holding of CFA Francs and only transfers funds to Burkina Faso as required. During 2013, the parent company acquired Euros as a hedge against movements in the Australian Dollar

The Group also has transactional currency exposures. Such exposure arises from purchases by an operating entity in currencies other than the functional currency.

The Group does not have a policy to enter into forward contracts and does not negotiate hedge derivatives to exactly match the terms of the hedged item.

At 30 June 2014 and 30 June 2013, the Group had the following exposure to CFA Franc, Euro, United States Dollar and Canadian Dollar foreign currencies expressed in A$ equivalents that are not designated in cash flow hedges:

	Consolidated	
	2014 $	2013 $
Financial assets		
Cash and cash equivalents	**545,364**	2,267,136
Trade and other receivables	**13,228**	5,655
	558,592	2,272,791
Financial liabilities		
Trade and other payables	**351,084**	190,971

At 30 June 2014 and 30 June 2013, had the Australian Dollar moved by up or down by 10%, with all other variables held constant, post tax profit and equity would have not been materially affected.

(b) Credit risk

The Consolidated entity has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions.
Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. In relation to other credit risk areas management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

NOTE 19: FINANCIAL RISK MANAGEMENT (Continued)

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The Consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Consolidated entity will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

Financing arrangements

The Consolidated and parent entity have no borrowing facilities.

Maturity analysis of financial assets and liability based on management's expectation.

Year ended 30 June 2014	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	**2,522,917**	**-**	**-**	**-**	**2,522,917**
Trade & other receivables	**83,741**	**-**	**-**	**-**	**83,741**
Financial Assets	**32,942**	**-**	**-**	**-**	**32,942**
	2,639,600	**-**	**-**	**-**	**2,639,600**
Financial liabilities					
Trade & other payables	**(604,697)**	**-**	**-**	**-**	**(604,697)**
Net maturity	**2,034,903**	**-**	**-**	**-**	**2,034,903**

Year ended 30 June 2013	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	3,328,461	-	-	-	3,328,461
Trade & other receivables	59,295	-	-	-	59,295
Financial Assets	21,910	-	-	-	21,910
	3,409,666	-	-	-	3,409,666
Financial liabilities					
Trade & other payables	(637,425)	-	-	-	(637,425)
Net maturity	2,772,241	-	-	-	2,772,241

NOTE 20: SHARE BASED PAYMENTS

Set out below is a summary of the options granted by the Group during the 2014 and 2013 financial years. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Grant Date	Expiry date	Exercise price	Granted during the year	Vesting Period
Unlisted Options - 30 June 2014				
27-Nov-13	27-Nov-16	$0.40	1,935,357	27-Nov-13
17-Jan-14	5-Nov-14 to 26-Jul-17	$0.42-$1.66	1,365,000	16-Jan-13
Warrants - 30 June 2014				
17-Jan-14	17-Jan-17	$0.40	14,918,508	17-Jan-14

Grant Date	Fair value at grant date of options (cents)	Share price on grant date (cents)	Expected Volatility	Option life	Expected Dividends	Risk-free interest rate
Unlisted Options - 30 June 2014						
27-Nov-13	0.04	0.13	100%	3 years	0%	3.25%
17-Jan-14	0.04	0.13	100%	3.5 years	0%	2.50%
Warrants - 30 June 2014						
17-Jan-14	0.05	0.13	100%	3 years	0%	2.50%

Grant Date	Expiry date	Exercise price	Granted during the year	Vesting Period
Unlisted Options - 30 June 2013				
16-Jan-13	16-Jan-16	$0.40	2,171,792	16-Jan-13
Employee Options - 30 June 2013				
17-Sep-12	17-Sep-15	$0.30	100,000	17-Sep-13
17-Sep-12	17-Sep-15	$0.30	100,000	17-Sep-14

Grant Date	Fair value at grant date of options (cents)	Share price on grant date (cents)	Expected Volatility	Option life	Expected Dividends	Risk-free interest rate
Unlisted Options - 30 June 2013						
16-Jan-13	0.12	0.26	100%	3 years	0%	3.25%
Employee Options - 30 June 2013						
17-Sep-12	0.12	0.21	100%	3 years	0%	3.50%

Expenses arising from share-based payment transactions:

	Consolidated 2014 $	Consolidated 2013 $
Share based payments to Directors	**136,562**	337,278
Share based payments to employees	**92,458**	258,120
	229,020	595,398

NOTE 21: ACQUISITION OUTSIDE THE SCOPE OF AASB3 - BUSINESS COMBINATIONS

Acquisition of Channel Resources Limited

On 17 January 2014, the Company completed a transaction announced on 14 August 2013, pursuant to which it acquired, by way of a Plan of Arrangement, all of the issued and outstanding common shares and options of Channel Resources Limited ('Channel').

The terms of the Arrangement were as follows:-

1. The common shares of Channel exchanged for ordinary shares in the Company at a ratio of four Channel shares for one Company share - 29,837,123 shares were issued on 17 January 2014, resulting in Channel shareholders holding 12.1% of the total outstanding shares of West African;
2. Channel shareholders received one share purchase warrant for every two Company shares received in the Arrangement, each Warrant being exercisable to acquire one Company share at a price of A$0.40 expiring 17 January 2017 - 14,918,508 Warrants were issued on 17 January 2014;
3. Each outstanding Channel option to acquire a Channel share was exchanged for one quarter of a West African option - 1,365,000 unlisted options were issued on 17 January 2014 with exercise prices between 42 cents and $1.66 and expiry dates between 31 March 2014 and 26 July 2017; and

   Under contractual commitments with key management of Channel, the closing of the Arrangement triggered certain payments to each of the CEO and the SVP & CFO of Channel. Under the Arrangement agreement, Channel and West African agreed to settle the change of control payments payable by Channel to the CEO and the SVP & **CFO** by way of an aggregate CDN$550,000 payment (CDN$275,000 in cash and CDN$275,000 in West African shares). In settlement of the CDN$275,000 share component, 2,199,631 shares were issued on 17 January 2014.

Pursuant to the terms of the Arrangement, the Company sought listing on the TSX.V, with conditional approval being granted on 15 January 2014. This allowed for the closing of the transaction on 17 January 2014 and the listing of West African common shares and warrants under the symbols “WAF” and “WAF Wt” respectively occurred on 24 January 2014.

Consideration transferred

Acquisition date fair value of the consideration

	Consolidated	
	2014 $	2013 $
Consideration		
Equity consideration	**7,041,948**	**-**
Cash consideration	**1,877,493**	**-**
Directly attributable costs	**355,569**	**-**
Total consideration	**9,275,010**	**-**

NOTE 21: ACQUISITION OUTSIDE THE SCOPE OF AASB3 - BUSINESS COMBINATIONS (Continued)

Assets acquired and liabilities assumed at the date of acquisition

The Group has recognised the fair values of the identifiable assets and liabilities of Channel based upon the best information available as of the reporting date.

	Consolidated	
	2014 $	2013 $
Fair values of net assets acquired at the date of acquistion:		
Cash and cash equivalents	**1,259,790**	-
Trade and other receivables	**59,581**	-
Financial assets	**18,419**	-
Deferred sublease commission	**5,839**	-
Exploration Property Interests	**8,024,507**	-
Plant & equipment	**24,826**	-
Trade and other payables	**(104,402)**	-
Deferred leasehold incentives	**(13,550)**	-
Value of net assets acquired	9,275,010	-

Net cash outflow arising on acquisition

	Consolidated	
	2014 $	2013 $
Channel acquisition costs	**(355,568)**	-
Cash paid for acquisition of Channel	**(1,877,493)**	-
Cash taken up on acquistion of Channel	**1,259,790**	-
Net cash outflow	**(973,271)**	-

NOTE 22: PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent	
	2014 $	2013 $
CURRENT ASSETS		
Cash and cash equivalents	**2,083,497**	3,319,597
Trade and other receivables	**56,898**	45,218
Financial assets	**32,942**	21,910
Total Current Assets	**2,173,337**	3,386,725
NON-CURRENT ASSETS		
Financial assets	**6,408**	8,422
Plant & equipment	**939**	672
Total Non-Current Assets	**7,347**	9,094
TOTAL ASSETS	**2,180,684**	3,395,819
CURRENT LIABILITIES		
Trade and other payables	**253,161**	446,454
Total Current Liabilities	**253,161**	446,454
TOTAL LIABILITIES	**253,161**	446,454
NET ASSETS	**1,927,523**	2,949,365
EQUITY		
Issued capital	**32,173,325**	20,508,445
Reserves	**2,939,735**	1,835,246
Accumulated losses	**(33,185,537)**	(19,394,326)
TOTAL EQUITY	**1,927,523**	2,949,365
Loss before income tax expense	**(14,107,901)**	(7,619,933)
Income tax benefit	**316,690**	-
Total comprehensive loss	**(13,791,211)**	(7,619,933)

Guarantees, Commitments and Contingencies

There are no Guarantees, Commitments or Contingencies in the Parent Entity other than those mentioned in Note 14.

Directors' Declaration

1. In the opinion of the directors:

a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the consolidated entity are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year then ended; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1 (c).

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2014.

This declaration is signed in accordance with a resolution of the Board of Directors.

RHyde

Richard Hyde
Director

26 September 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of West African Resources Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
26 September 2014

N G Neill
Partner

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Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of West African Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of West African Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of West African Resources Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of West African Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

Norman Glad

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
26 September 2014

ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 September 2014.

(a) Distribution of shares

The numbers of shareholders, by size of holding are:

Category (size of holding)	Number of Holders
1 - 1,000	28
1,001 - 5,000	98
5,001 - 10,000	215
10,001 - 100,000	437
100,001 - and over	240
	1,018

The number of shareholdings held in less than marketable parcels is 97.

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

	SHAREHOLDERS	Number of shares held	% Holding
1	CDS & CO	29,808,699	11.03%
2	MS JEANETTE VICTORIA RICHARDSON	13,626,125	5.04%
3	MR FRANCIS ROBERT HAWDON HARPER	13,380,372	4.95%
4	ALOHA INVESTMENTS PTY LTD <ALOHA INVESTMENT A/C>	8,550,000	3.16%
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	8,047,385	2.98%
6	MR RICHARD HYDE	7,500,000	2.77%
7	LUJETA PTY LTD <THE MARGARET ACCOUNT>	6,573,334	2.43%
8	MR MICHAEL MORAWA	6,065,411	2.24%
9	HOPEVIEW INVESTMENTS PTY LTD	5,639,353	2.09%
10	BARRIJAG INVESTMENTS PTY LTD <HADLEY FAMILY A/C>	5,438,334	2.01%
11	WILLSTREET PTY LTD	5,240,373	1.94%
12	MR GRAEME JOHN HAINES <G & S HAINES S/F A/C>	4,963,000	1.84%
13	CEDE & CO	4,565,982	1.69%
14	BOSTON FIRST CAPITAL PTY LTD	4,238,497	1.57%
15	LUJETA PTY LTD <THE MARGARET ACCOUNT>	3,846,154	1.42%
16	MR JEFFREY MICHAEL WILSON	3,260,130	1.21%
17	MR MOHAMMED MUNKAILAH	3,251,675	1.20%
18	CITICORP NOMINEES PTY LIMITED	2,626,969	0.97%
19	MS PATRICIA MOORE COMAZZETTO <THE HANNLAW A/C>	2,560,000	0.95%
20	KARALIA PTY LTD <KARALIA INVESTMENT A/C>	2,520,000	0.93%
		141,701,793	52.42%

Stock Exchange Listing

Listing has been granted for the ordinary shares (ASX code: WAF) of the company on all Member Exchanges of the Australian Stock Exchange Limited "ASX") with 235,258,147 shares on the Australian Register; and
Listing has been granted for the ordinary shares (TSX-V code: WAF) and warrants (TSX- V code: WAF.WT) of the company on the Toronto Stock Venture Exchange (TSX) with 35,043,351 shares and 14,918,508 warrants on the Canadian Register

(d) Substantial shareholders

The names of substantial shareholders are:

Shareholder	Number of shares
MR FRANCIS ROBERT HAWDON HARPER	19,691,536
MS JEANETTE VICTORIA RICHARDSON	29,808,699
MR RICHARD HYDE	21,427,757

(e) Voting rights

All shares carry one vote per unit without restriction.

ADDITIONAL INFORMATION

Summary of Tenements in Burkina Faso

Tenement Name	Registered Holder	% Held	Tenement Number	Grant Date	Expiry Date	Tene ment Type	Tene ment Area km2	Geographical Location
Damongto	West African Resources Ltd SARL	100%	No 2012 12-023/MCE/SG/DGMGC	1/03/12	28/02/15	EL	36	Namentenga Province
Gorin	Wura Resources Pty Ltd SARL	100%	No 2014 00 48/MME/SG/DGMG	7/03/14	10/07/16	EL	183	Ganzourgou Province
Goudré	West African Resources Ltd SARL	100%	No 2012 12-052/MCE/SG/DGMGC	23/03/12	22/03/15	EL	250	Zounweogo Province
Kogho	West African Resources Ltd SARL	100%	No 2012 12-055/MCE/SG/DGMGC	23/03/12	22/03/15	EL	98.75	Namentenga Province
Kouandre	Hawthorn Resources SARL	-	-	-	-	ELA	250	Zounweogo Province
Lago	West African Resources Development SARL	100%	No 2011 11-380/MCE/SG/DGMGC	1/12/11	30/11/14	EL	117	Gnagna, Kouritenga Provinces
Nagaré	West African Resources Ltd SARL	100%	No 2012 12-053/MCE/SG/DGMGC	23/03/12	22/03/15	EL	219.55	Namentenga Province
Pissi	West African Resources Development SARL	100%	No 2011 11-384/MCE/SG/DGMGC	1/12/11	30/11/14	EL	241.4	Gnagna, Kouritenga Provinces
Sartenga*	West African Resources Development SARL	100%	No 2013 000218/MME/SG/DGMG	20/12/11	04/08/14*	EL	130.7	Namentenga Province
Solga	West African Resources Development SARL	100%	No 2011 11-382/MCE/SG/DGMGC	1/12/11	30/11/14	EL	240	Gnagna, Kouritenga Provinces
Sondo Sud	West African Resources Development SARL	100%	No 2011 11-383/MCE/SG/DGMGC	1/12/11	30/11/14	EL	18.3	Gnagna, Kouritenga Provinces
Tanlouka**	Tanlouka SARL	90%**	No 2013 000128/MME/SG/DGMG	24/06/13	27/01/16	EL	115.8	Ganzourgou Province
Toghin	Wura Resources Pty Ltd SARL	100%	No 2011 11-162/MCE/SG/DGMGC	18/07/11	17/07/14	EL	222	Ganzourgou , Oubritenga Provinces
Vedaga	West African Resources Exploration SARL	100%	No 2011 11-165/MCE/SG/DGMGC	18/07/11	17/07/14	EL	207.7	Gourma, Kouritenga Provinces
Zam	Wura Resources Pty Ltd SARL	100%	No 2012 12-205/MCE/SG/DGMGC	27/09/12	30/12/14	EL	247.7	Zounweogo Province
Zam Sud	West African Resources Ltd SARL	100%	No 2012 12-024/MCE/SG/DGMGC	1/03/12	28/02/15	EL	23.46	Ganzourgou Province
Zambanga	West African Resources Development SARL	100%	No 2011 11-379/MCE/SG/DGMGC	1/12/11	30/11/14	EL	154.2	Gnagna, Kouritenga Provinces

** WAF acquired a 90% interest in the Tanlouka property through the acquisition of Channel Resources Ltd on 21 January 2014, and has signed an agreement to acquire the remaining 10% of the project from GMC SARL, a Burkina Faso registered entity.

* The company has lodged a renewal application for the Sartenga permit.