West African Resources Limited

ABN 70 121 539 375

Interim Financial Report

31 December 2016

West African Resources Limited

(ABN 70 121 539 375)

CORPORATE INFORMATION

Directors
Mark Connelly (Non-Executive Chairman)
Richard Hyde (Managing Director)
Simon Storm (Non-Executive Director)

Company Secretary
Simon Storm

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Your directors submit their report for the Group for the half-year ended 31 December 2016. 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 half-year and until the date of this report are as follows. Directors were in office for this period unless otherwise stated.

Mark Connelly - Non- Executive Chairman
Richard Hyde - Managing Director
Simon Storm - Non- Executive Director and Company Secretary

Dividends

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

Principal Activities

The principal activity of the Group during the half-year was mineral exploration and feasibility study work focussing primarily on the Tanlouka (now known as Sanbrado) Gold project in Burkina Faso.

There have been no significant changes in the nature of this activity during the financial period.

Review of results and operations

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

Operating results for the year

The net loss of the Group for the half-year ended 31 December 2016 was $6,164,996 (2015: $3,891,964).

Revenue
Revenue comprised interest received. Interest was $151,086 (2015: $1,316) up significantly on the previous corresponding period as a consequence of higher cash holdings.

Expenses
During the half-year, the Company continued exploration activities at its main exploration project, Sanbrado, with expenditure on exploration increasing 90% to $3,986,991 (2015: $2,101,720). In addition work continued on the open pit feasibility study of the Sanbrado deposit with expenditure increasing 124% to $1,556,141 (2015: $693,740) The share based payments expense increased 90% to $67,291 (2015: $35,490) due to the options issued in the 2016 financial year.

Cash flows
Cash and cash equivalents at 31 December 2016 increased by 62% to $18,475,959 (30 June 2016: $11,376,615). The increase in cash and cash equivalents during the six months ended 31 December 2016 arose due to the following reasons:-

Operating cash flows
Net cash outflows from operating activities increased 109% to $6,352,991 (2015: $3,042,564) and this increase arose mainly because of increased drilling and assay expenditure on Sanbrado and increased engineering feasibility expenditure on this Gold Project. The outflows were reduced by interest received of $158,638 during the half-year.

Investing cash flows
Net cash outflows from investing activities increased by 268% to $34,744 (2015: $9,440) due mainly to the acquisition of exploration equipment.

Financing cash flows

Net cash inflows from financing activities increased by 560% to $13,313,253 (2015: $2,016,924) which comprised the issue of 70,000,000 shares at 30 cents per share in August 2016, net of share issue costs and the conversion of 5 million options at 8.45 cents in October 2016. This was offset by the repayment of $6,756,756 for the USD5 million convertible loan facility with the Metals & Energy Capital Division of Macquarie Bank Limited.

Statement of financial position

Current assets

Current assets increased by 62% to $18,770,276 (30 June 2016: $11,576,135) mainly due to cash and cash equivalents increasing 62% to $18,475,959 (30 June 2016: $11,376,615) mainly as a result of the August 2016 capital raising and option conversion in October 2016.

Non-current assets

Non-current assets decreased by 6% to $75,675 (30 June 2016: $80,497) due to the ongoing depreciation of plant and equipment.

Current liabilities

Current liabilities decreased by 80% to $1,683,786 (30 June 2016: $8,466,730), due to the repayment of the USD5 million Macquarie Bank Limited's loan.

Operational activities for the half-year

Exploration

The Company's activities on its 100%-owned and 100%-earning gold and copper-gold projects in Burkina Faso, West Africa, for the half-year ending 31 December 2016 included:-

During the September 2016 Quarter:-

- continued drilling (7,150 m):-
  - at M1 South with the aim of extending mineralisation beneath the current resource, with significant results including:-
    - TAN16-DD052: 4m at 32.04 g/t Au from 122m Au and 10m at 18.33g/t Au from 172m
    - TAN16-DD055: 9m at 11.17 g/t Au, from 197m and 16m at 69.11 g/t Au from 209m; and
  - at M5 to upgrade mineralisation from Inferred to Indicated category for inclusion in the CIL open-pit mining studies;
- completion of a maiden mineral resource for M1 & M3 deposits and updated estimate for M5 deposit; and
- progressed the Permitting & Feasibility Study with the completion of a Resettlement Action Plan (RAP) and the Environmental and Social Impact Assessment (ESIA) approved by Burkina Faso's Ministry of Environment, Green Economy and Climate Change.

During the December 2016 Quarter:-

- continued drilling (9,261m):-
  - diamond drilling undertaken at the M1 South prospect aimed to extend mineralisation beneath the current resource, with significant results including:-
    - TAN16-DD063 5m at 30.28 g/t Au from 216m, including 1m at 104.95 g/t Au
    - TAN16-DD063 14m at 11.82 g/t Au from 224m, including 1m at 131.80 g/t Au
  - at M5 Prospect aimed at improving the resource category - previous drilling had been suspended due to heavy rains as well as water ingress in some holes. However, during the quarter the Company used its own rigs to extend these holes.
  - at M3 Prospect further resource drilling was completed, which aimed to upgrade shallow oxide mineralisation, currently all contained in the Inferred category, to Indicated category.

Permitting & Feasibility Study

- The Burkina Faso Ministry of the Environment, Green Economy and Climate Change approved the Environmental and Social Impact Assessment ("ESIA") for the project and subsequent to half-year the mining permit application was approved for the Sanbrado Gold project.
- In addition, the Sanbrado open pit Definitive Feasibility Study was completed on 20 February 2017.

Corporate

WAF announced the appointment of Lyndon Hopkins as Chief Operating Officer and Joanne Thompson as Sustainability Manager in December.

Future Business Strategy

- Optimisation studies to progress opportunity to boost project economics through underground mining at M1 South, reducing high Y1-2 stripping costs,
- Infill drilling targeting conversion of Inferred Resources within and beneath current ore reserve pit shells, and follow-up extensional drilling at M1 and M5,
- DFS to include resource and reserve updates for M1 and M5 with DFS completion by Q3 2017,
- Progress Camp construction and early site works ; and
- Discussions with project lenders to continue, targeting conventional debt and equity finance.

Significant events after reporting date

In January 2017, the Council of Ministers of the Government of Burkina Faso approved its mining permit application for the Sanbrado Gold Project.

In February 2017 the Company released the Sanbrado open pit feasibility study which confirmed forecast annual production of 150,000 ounces of gold over the first 3 years of the project and 93,000 ounces per annum over 9 years of current mine life (LOM).

Other than this, there has not been any matter or circumstance that has arisen after the end of the financial half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

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 half-year report. This written Auditor's Independence Declaration is attached to the Independent Auditor's Review Report to the members and forms part of this Directors" Report.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Richard Hyde
Director
Perth, 15 March 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated	
	6 months ended 31/12/2016 $	6 months ended 31/12/2015 $
Revenue from continuing operations	**151,086**	1,316
Foreign exchange gain	**297,462**	-
Regulatory and compliance expense	**(193,984)**	(68,249)
Office expense	**(138,431)**	(88,170)
Depreciation expense	**(37,294)**	(93,740)
Personnel expense	**(234,780)**	(231,365)
Travel and accommodation expense	**(81,018)**	(24,421)
Property expense	**(43,250)**	(52,807)
Consulting fee expense	**(263,798)**	(156,926)
Auditors' fees	**(10,000)**	(8,500)
Directors' fees	**(32,500)**	(30,611)
Share based payments	**(67,291)**	(35,490)
Exploration related costs	**(3,986,991)**	(2,101,720)
Feasibility and scoping studies	**(1,556,141)**	(693,740)
Impairment of non current assets	**-**	(450)
Foreign exchange loss	**-**	(297,736)
Interest expense	**(85,793)**	(288,930)
Loss before tax	**(6,282,723)**	(4,171,539)
Income tax benefit	**117,727**	279,575
Loss after tax	**(6,164,996)**	(3,891,964)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	**(19,925)**	38,323
Other comprehensive income/(loss), net of income tax	**(19,925)**	38,323
Total comprehensive loss for the half-year attributable to the owners of West African Resources Ltd	**(6,184,921)**	(3,853,641)
Loss per share for loss attributable to the ordinary equity holders of the Company		
Basic loss per share (cents per share)	**(1.3)**	(1.4)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Consolidated 31/12/2016 $	Consolidated 30/06/2016 $
CURRENT ASSETS			
Cash and cash equivalents		**18,475,959**	11,376,615
Trade and other receivables		**259,161**	164,364
Financial assets		**35,156**	35,156
Total Current Assets		**18,770,276**	11,576,135
NON-CURRENT ASSETS			
Plant & equipment		**75,675**	80,497
Total Non-Current Assets		**75,675**	80,497
TOTAL ASSETS		**18,845,951**	11,656,632
CURRENT LIABILITIES			
Trade and other payables		**1,683,786**	1,709,974
Borrowings	**3**	**-**	6,756,756
Total Current Liabilities		**1,683,786**	8,466,730
TOTAL LIABILITIES		**1,683,786**	8,466,730
NET ASSETS		**17,162,165**	3,189,902
EQUITY			
Issued capital	**4**	**65,646,839**	45,556,946
Reserves		**6,232,967**	6,185,601
Accumulated losses		**(54,717,641)**	(48,552,645)
TOTAL EQUITY		**17,162,165**	3,189,902

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated	
	6 months ended 31/12/2016 $	6 months ended 31/12/2015 $
	Inflows/(Outflows)	
Cash Flows from Operating Activities		
Payments to suppliers	**(830,114)**	(394,624)
Payments to employees	**(222,310)**	(189,793)
Exploration related expenditure	**(3,657,741)**	(1,392,585)
Feasibility and scoping expenditure	**(1,428,138)**	(714,649)
Purchase of prospects and investments	**(2,204)**	(363,531)
Interest received	**158,638**	1,316
Interest paid	**(371,122)**	(268,273)
Other - R&D tax offset	**-**	279,575
Net cash outflow from operating activities	**(6,352,991)**	(3,042,564)
Cash Flows from Investing Activities		
Purchase of plant and equipment	**(34,744)**	(9,440)
Net cash outflow from investing activities	**(34,744)**	(9,440)
Cash Flows from Financing Activities		
Proceeds from issue of shares	**21,422,500**	2,041,165
Share issue related costs	**(1,352,491)**	(24,241)
Repayment of convertible note facility	**(6,756,756)**	-
Net cash inflow from financing activities	**13,313,253**	2,016,924
Net increase/(decrease) in cash held	**6,925,518**	(1,035,080)
Cash at the beginning of the financial period	**11,376,615**	3,511,892
Effect of exchange rate changes on the balance of cash held in foreign currencies	**173,826**	175,825
Cash at the end of the financial period	**18,475,959**	2,652,637

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated				
	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	$	$	$	$	$
Balance at 1 July 2015	32,173,325	(40,747,200)	63,176	5,158,814	(3,351,885)
Loss after tax	-	(3,891,964)	-	-	(3,891,964)
Other comprehensive income for the period	-	-	38,323	-	38,323
Total comprehensive income/(loss) for the period	-	(3,891,964)	38,323	-	(3,853,641)
Shares issued during the year net of transaction costs	2,014,931	-	-	-	2,014,931
Share based payments	-	-	-	281,395	281,395
Balance at 31 December 2015	34,188,256	(44,639,164)	101,499	5,440,209	(4,909,200)
Balance at 1 July 2016	**45,556,946**	**(48,552,645)**	**65,746**	**6,119,855**	**3,189,902**
Loss after tax	**-**	**(6,164,996)**	**-**	**-**	**(6,164,996)**
Other comprehensive income for the period	**-**	**-**	**(19,925)**	**-**	**(19,925)**
Total comprehensive income/(loss) for the period	**-**	**(6,164,996)**	**(19,925)**	**-**	**(6,184,921)**
Shares issued during the year net of transaction costs	**20,089,893**	**-**	**-**	**-**	**20,089,893**
Share based payments	**-**	**-**	**-**	**67,291**	**67,291**
Balance at 31 December 2016	**65,646,839**	**(54,717,641)**	**45,821**	**6,187,146**	**17,162,165**

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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). 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 Australian Securities Exchange Ltd on 11 June 2010.

(b) Adoption of new and revised standards

In the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current half-year. 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 half-year ended 31 December 2016. 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's business and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

(d) Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(e) Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report for the year ended 30 June 2016.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(f) 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.

NOTE 2: SEGMENT REPORTING

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 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 and feasibility study work in the Sanbrado Gold Project in Burkina Faso, Africa. The Group considers its business operations in mineral exploration to be its primary reporting function.

NOTE 3: BORROWINGS

	Consolidated	
	31/12/2016 $	30/06/2016 $
Current		
Loan	-	6,756,756
	-	6,756,756

Interest-bearing loans and borrowings	Consolidated			
Non-current interest-bearing loans and borrowings	Interest rate %	Maturity	31/12/2016	30/06/2016
8.15% secured loan of US$5,000,000	**LIBOR +7.5%**	30-Sep-16	-	6,756,756

(i) Information on Facility

A 8.15% secured loan of US$5,000,000 with the Metals & Energy Capital Division of Macquarie Bank Limited. The Facility was secured against all assets of West African Resources Ltd and its wholly-owned subsidiary, Channel Resources Limited. Drawdown of the Facility was subject to a number of conditions, including the issue of 40,545,224 unlisted options, exercisable at A$0.14 on or before 30 September 2017.

The Company repaid the loan on 24 August 2016.

The Convertible Loan Agreement contained other customary features, including customary representations and warranties, undertakings and events of default for facilities of this nature.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 3: BORROWINGS CONTINUED

(ii) Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Amount		Fair value	
	31/12/2016	30/06/2016	31/12/2016	30/06/2016
Floating rate borrowings	-	6,756,756	-	6,690,043

The following method and assumptions were used to estimate the fair value:
The fair value of loans was estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

NOTE 4: ISSUED CAPITAL

	Consolidated	
	31/12/2016 $	30/06/2016 $
483,873,253 (30 June 2016: 408,873,253) fully paid ordinary shares	**65,646,839**	45,556,946

(a) Shares

(i) Ordinary shares - number	Consolidated Half-year ended 31/12/2016 No.	Consolidated Year ended 30/06/2016 No.
At start of period	**408,873,253**	270,301,498
Issue of shares 17 November 2015	**-**	2,500,000
Issue of shares 22 December 2015	**-**	31,402,541
Issue of shares 4 February 2016	**-**	4,669,214
Issue of shares 26 April 2016	**-**	29,800,000
Issue of shares 6 June 2016	**-**	70,200,000
Issue of shares 18 August 2016	**70,000,000**	-
Issue of shares 24 October 2016	**5,000,000**	-
Balance at 31 December 2016	**483,873,253**	408,873,253

(ii) Ordinary shares – value	Consolidated Half-year ended 31/12/2016 $	Consolidated Year ended 30/06/2016 $
At start of period	**45,556,946**	32,173,325
Issue of shares 17 November 2015	**-**	300,000
Issue of shares 22 December 2015	**-**	2,041,165
Issue of shares 4 February 2016	**-**	303,500
Issue of shares 26 April 2016	**-**	3,725,000
Issue of shares 6 June 2016	**-**	8,775,000
Issue of shares 18 August 2016	**21,000,000**	-
Issue of shares 24 October 2016	**422,500**	-
Share issue costs	**(1,332,607)**	(1,761,044)
Balance at 31 December 2016	**65,646,839**	45,556,946

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 4: ISSUED CAPITAL CONTINUED

(b) Options	Consolidated Half-year ended 31/12/2016 No.	Consolidated Year ended 30/06/2016 No.
At start of period	**65,709,873**	51,679,873
Issue of options 18 August 2015	**-**	500,000
Issue of options 1 December 2015	**-**	2,000,000
Issue of options 22 December 2015	**-**	5,000,000
Issue of options 3 June 2016	**-**	1,000,000
Issue of options 3 June 2016	**-**	1,000,000
Issue of options 6 June 2016	**-**	5,000,000
Exercise of options	**(5,000,000)**	-
Expiry of options	**(31,250)**	(470,000)
Balance at 31 December 2016	**60,678,623**	65,709,873

Unissued ordinary shares of the Company under option are:

	Exercise price	Date of Expiry	Number of Options: Balance at 30 June 2016	Exercised during the period	Lapsed during the period	Balance at 31 December 2016
Issue of options 16 January 2013	0.40	17-Jan-17	2,171,792	-	-	2,171,792
Issue of options 27 November 2013	0.40	17-Jan-17	1,935,357	-	-	1,935,357
Issue of options 17 January 2014	0.62-0.81	22-Jan-17-26-Jul-17	807,500	-	(31,250)	776,250
Issue of options 22 December 2014	0.14	30-Sep-17	40,545,224	-	-	40,545,224
Issue of options 20 February 2015	0.15	20-Feb-18	5,750,000	-	-	5,750,000
Issue of options 18 August 2015	0.10	18-Aug-18	500,000	-	-	500,000
Issue of options 1 December 2015	0.15	01-Dec-18	2,000,000	-	-	2,000,000
Issue of options 22 December 2015	0.08	22-Dec-18	5,000,000	(5,000,000)	-	-
Issue of options 3 June 2016	0.10	03-Jun-19	1,000,000	-	-	1,000,000
Issue of options 3 June 2016	0.15	03-Jun-19	1,000,000	-	-	1,000,000
Issue of options 6 June 2016	0.08	06-Jun-19	5,000,000	-	-	5,000,000
Total			65,709,873	(5,000,000)	(31,250)	60,678,623

NOTE 5: DIVIDENDS

No dividends have been paid or declared payable since the start of the financial half-year.

NOTE 6: RELATED PARTY DISCLOSURE

Arrangements with related parties continue to be in place. No changes in these arrangements occurred during the half year. For details on these arrangements, refer to the 30 June 2016 annual financial report.

NOTE 7: CONTINGENT LIABILITIES

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 8: SUBSEQUENT EVENTS AFTER THE REPORTING DATE

In January 2017, the Council of Ministers of the Government of Burkina Faso approved its mining permit application for the Sanbrado Gold Project.

In February 2017 the Company released the Sanbrado open pit feasibility study which confirmed forecast annual production of 150,000 ounces of gold over the first 3 years of the project and 93,000 ounces per annum over 9 years of current mine life (LOM).

Other than this, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Directors' Declaration

In the opinion of the Directors of West African Resources Limited ("the company"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

    a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year then ended; and

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

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

RHyde

Richard Hyde
Director

15 March 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of West African Resources Limited for the half-year ended 31 December 2016, 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 review; and

b) any applicable code of professional conduct in relation to the review other than an administrative breach which was rectified immediately and did not compromise the objectivity of the engagement team.

Perth, Western Australia
15 March 2017

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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HLB Mann Judd

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of West African Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of West African Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of West African Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glad

N G Neill
Partner

Perth, Western Australia
15 March 2017