



West African Resources Limited

(ABN 70 121 539 375)

Annual Financial Statements for the year ended 30 June 2017

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

PRINCIPAL PLACE OF BUSINESS

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SHARE REGISTRY CANADA

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West African Resources Limited

FY 2017 highlights included:

Interim open-pit feasibility study completed, confirming Sanbrado Gold Project's potential as +150,000 ounces per annum gold producer with rapid capital payback, low-cost simple CIL process flowsheet

Ultra high-grade drilling results adding further value to the project post completion of the feasibility study, best results including 21m at 53.13g/t Au from 408.5m with 0.5m at 1,613.41g/t Au and 0.5m at 530.38g/t Au and 14.5m at 38.27g/t Au from 459m received from the M1 prospect

Decision to drill out the M1 and M5 deposits to reveal the project's full potential before deciding on a development strategy, with decision expected in the first half of the 2018 calendar year

\$21m placement completed in August 2016

Repayment of \$6.8m for the USD5 million convertible loan facility with the Metals & Energy Capital Division of Macquarie Bank Limited

C\$17.5m raised via bought deal private placement arranged through Sprott Capital Partners in the first half of the 2017 calendar year and completed in July 2017

2018 work programs fully funded

Summary

During the year ended 30 June 2017, West African Resources completed nearly 48,000m of auger, reverse circulation (RC) and diamond drilling across its Sanbrado Gold Project in Burkina Faso, West Africa (formerly known as the Tanlouka Gold Project).

Drilling encountered some bonanza grades such as 21m at 53.13 g/t Au from 408.5m including 0.5m at 1,613.41 g/t Au and 0.5m at 530.38 g/t Au and 14.5m at 38.27 g/t Au from 459 from the M1 prospect, and while West African completed a Feasibility Study for an open-pit scenario at Sanbrado, the Company has now decided to drill out two of the deposits, M1 and M5, to understand the project's full potential before devising a development strategy for the project.

With one large placement completed during the year and another in July 2017, West African now holds sufficient cash enabling it to fund its exploration and development works in 2017 and into 2018.

CHAIRMAN'S MESSAGE

Dear Shareholder,

It gives me great pleasure to present the 2017 Annual Report for West African Resources Limited (ASX/TSX-V: WAF), reporting on a year in which we made great strides towards becoming one of the next West African gold producers with a world-class project.

Having acquired the Sanbrado Gold Project (formerly known as the Tanlouka Gold Project) in 2014, we have worked hard to define resources and build a project ready for development. In the past year, we achieved maiden Mineral Resource estimates for two of the deposits, M1 and M3, as well as updating the resource for the M5 deposit, which first attracted us to the project. This enabled West African to complete an interim open-pit feasibility study for the project, which confirmed Sanbrado capable of producing more than 150,000 ounces of gold per year over the first 3 years of its life with rapid capital payback, using a low-cost carbon-in-leach (CIL) process flowsheet.

However, drilling completed after the delivery of the feasibility study led the Company to re-examine plans for Sanbrado, particularly after results received for the M1 South area included gold grades such as 0.5m at 1,613.41g/t Au and 0.5m at 530.38g/t Au, which came from outside the area considered in the feasibility study.

The Company's board and management believed it had become essential to define the extent of the M1 and M5 deposits to maximise the net present value (NPV) of the project before we could finalise a development strategy and source project finance. M1 South, where gold resources increased by more than 120 per cent in a matter of months due to our drilling success, is the driving force behind our decision to re-evaluate our strategy.

Therefore, West African is focusing resource and extensional drilling for the rest of the 2017 calendar year, allowing the Company to upgrade our mineral resource estimates for M1, M3 and M5, before we can consider the best development scenario for Sanbrado in first half of the 2018 calendar year. We hope this work will see a reduction in mining costs.

Having completed one large placement during the year, and a C\$17.5 million (A\$17.46 million) placement with Sprott Capital Partners in July 2017, we are well funded to undertake all our proposed work programs.

I would like to thank our management team, in particular our Managing Director Richard Hyde, for the hard work and strong results West African has achieved throughout the past year, and our staff including those on the ground in Burkina Faso for their efforts. I also thank our Shareholders for your continued support and belief in our strategy, and I believe we will continue to deliver value to you in the coming 12 months.

West African aims to move closer to gold production at Sanbrado in 2018, and we expect the work underway right now will help us deliver a development strategy with improved project economics.



Mark Connelly
Non-Executive Chairman

REVIEW OF OPERATIONS

Sanbrado Gold Project, Burkina Faso (formerly the Tanlouka Gold Project)

Background

West African ("WAF") acquired a 90 per cent holding in Tanlouka Permit, part of its Boulsa Project in Burkina Faso, from Channel Resources in January 2014, and acquired the remaining 10 per cent of the permit in November 2015.

In January 2017, the project name changed to Sanbrado Gold Project to better reflect the local community.

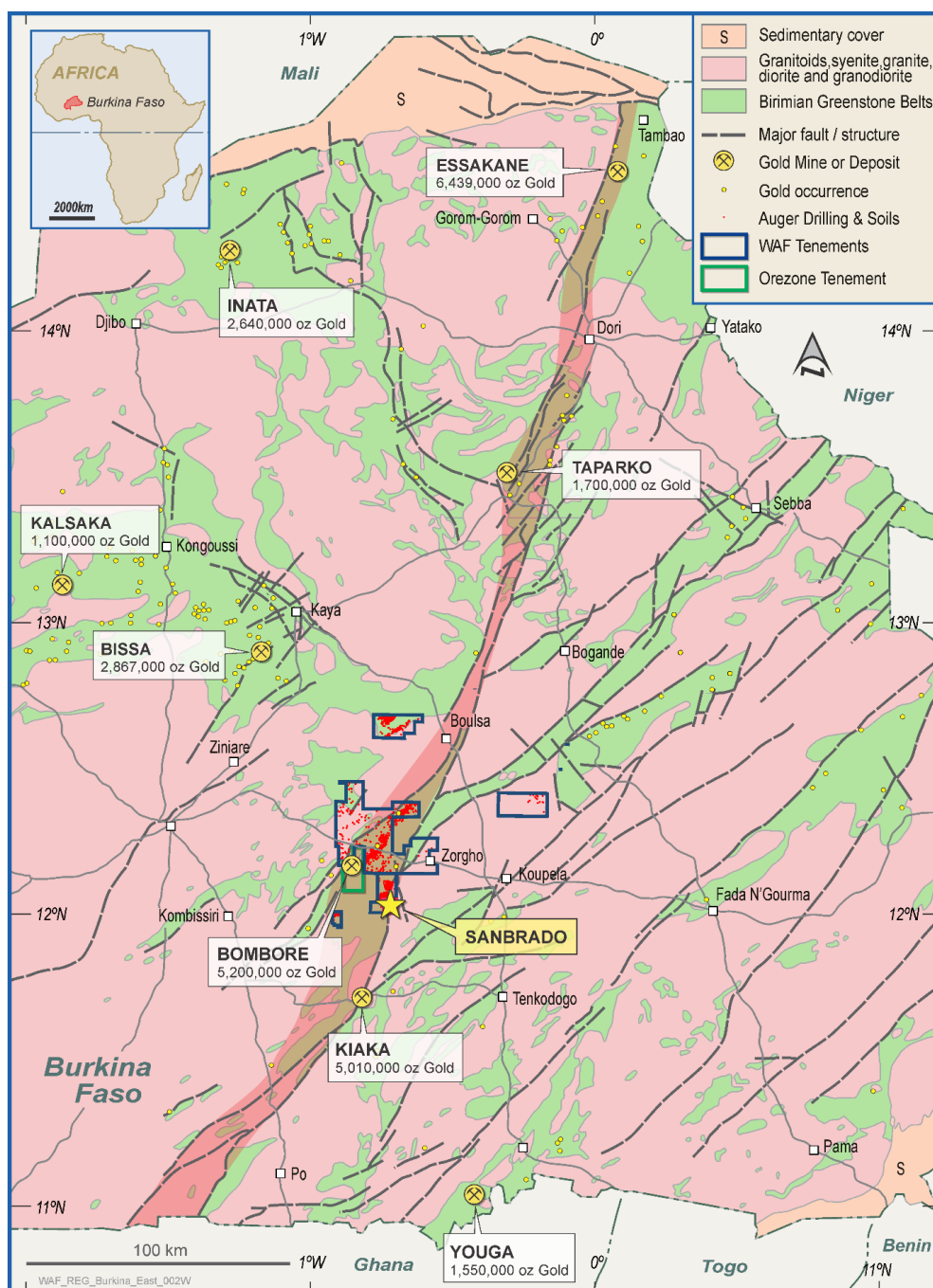


Figure 1 – Location of Sanbrado permit

Development

As reported in 2016, WAF declared a maiden Mineral Resource for the M1 & M3 deposits and an updated estimate for the M5 deposit, which are all part of the Sanbrado Project, in August 2016, giving the project mineral resources of 12.5 million tonnes at 2.3 g/t Au for 940,000 (at 1g/t cut off) ounces of gold (Indicated) and a further 8.7Mt tonnes at 2.2 g/t Au for 614,000 (at 1g/t cut off) ounces of gold (Inferred).

The estimates were completed by independent resource consultant International Resource Solutions Pty Ltd (IRS) and prepared in accordance with the requirements the 2012 JORC Code and disclosed in accordance with NI 43-101, under which the 2012 JORC Code is acceptable for mineral resource calculation and disclosure.

In February 2017, WAF announced an open-pit feasibility study using US\$1,200/oz gold which confirmed:

- Forecast annual production of 150,000 ounces over the first 3 years of project and 93,000 ounces per annum over 9 years of current mine life (LOM)
- 124% increase in Indicated Resources at M1 South, driving new project economics
- 103% increase in Probable Reserves now 894,000 ounces (16.8Mt at 1.7g/t Au)
- Two-year pay back on \$131 million capex (including pre-production mining and contingency)
- Low All-In Sustaining Costs (AISC) of \$708/oz over the first 3 years and \$759 over LOM
- Strong economics - pre-tax NPV5% of \$143m, IRR 27% and post-tax NPV5% of \$100m, IRR 21%

WAF then planned to complete an underground optimisation study focussing primarily on M1 South. However, drilling undertaken as part of work for the study returned high-grade results from depth at M1 South including 1,613.41 g/t Au over 0.5m and 530.38 g/t Au over 0.5m within 21m at 53.13 g/t Au from 408.5m, and 104.16 g/t Au over 4.5m within 14.5m at 38.27 g/t Au from 459m.

Drilling at M1 South was successful in extending the depth of known mineralisation on section SE425 and SE450. High-grade mineralisation remained open at depth on both sections.

WAF decided that while the February 2017 open-pit feasibility study demonstrated robust economics, rapid pay back of capital and simple metallurgy, it did not reflect the full potential of the project, as demonstrated by the results of drilling completed since the open-pit feasibility study was released.

In the open-pit feasibility study mine schedule, the recently discovered M1 South high-grade zone was effectively mined out in the first 2.5 years of the project. Drilling during the first half of the 2017 calendar year defined mineralisation outside the M1 South pit, which was the basis of the open-pit feasibility study. Similarly, drilling at the M5 deposit defined new mineralisation outside of the pit design used in the feasibility study, with potential to increase the mineable resources at M5.

WAF considered it essential to define the deposits before determining the optimal development strategy for Sanbrado as investigation of open-pit or underground mining scenarios for M1 and M5 would be premature before mineralisation is closed off or drilled to a depth below which new mineralisation does not materially change project valuation (NPV).

Following the excellent results received since the open-pit feasibility study was released, WAF anticipates it will take longer to drill out the existing deposits than originally anticipated. Therefore, WAF will focus on targeted drilling for the remainder of 2017 aimed at maximising the project value.

It is anticipated that development scenarios will be analysed, leading to a revised open-pit and underground feasibility study and the request for proposals from project finance providers in the first half of the 2018 calendar year.

One of the key features M1 South is the strong association of pyrrhotite and gold in the highest grades of mineralisation. Pyrrhotite is an iron-sulphide mineral with both magnetic and conductive properties. Therefore, WAF commenced a detailed geophysical program including both Induced Polarisation (IP) and ground magnetic surveys to cover the M1 - M3 trends and the southern part of the M5 trend (Figure 2). At the time of reporting ground surveys had been completed and preliminary data was being reviewed.

Mineralisation at M1 South occurs as discrete cigar like shoots with 40m to 120m strike lengths generally trending 300° to 330°, which historic IP line spacing and aeromagnetic line orientation did not account for, meaning the project area has not been sufficiently tested. The geophysical survey was completed 50m line spacings over 4km, on northwest-southeast oriented lines, perpendicular to the main zones of mineralisation. The new grid will cover the potential intersection of the M1 and M5 trends.

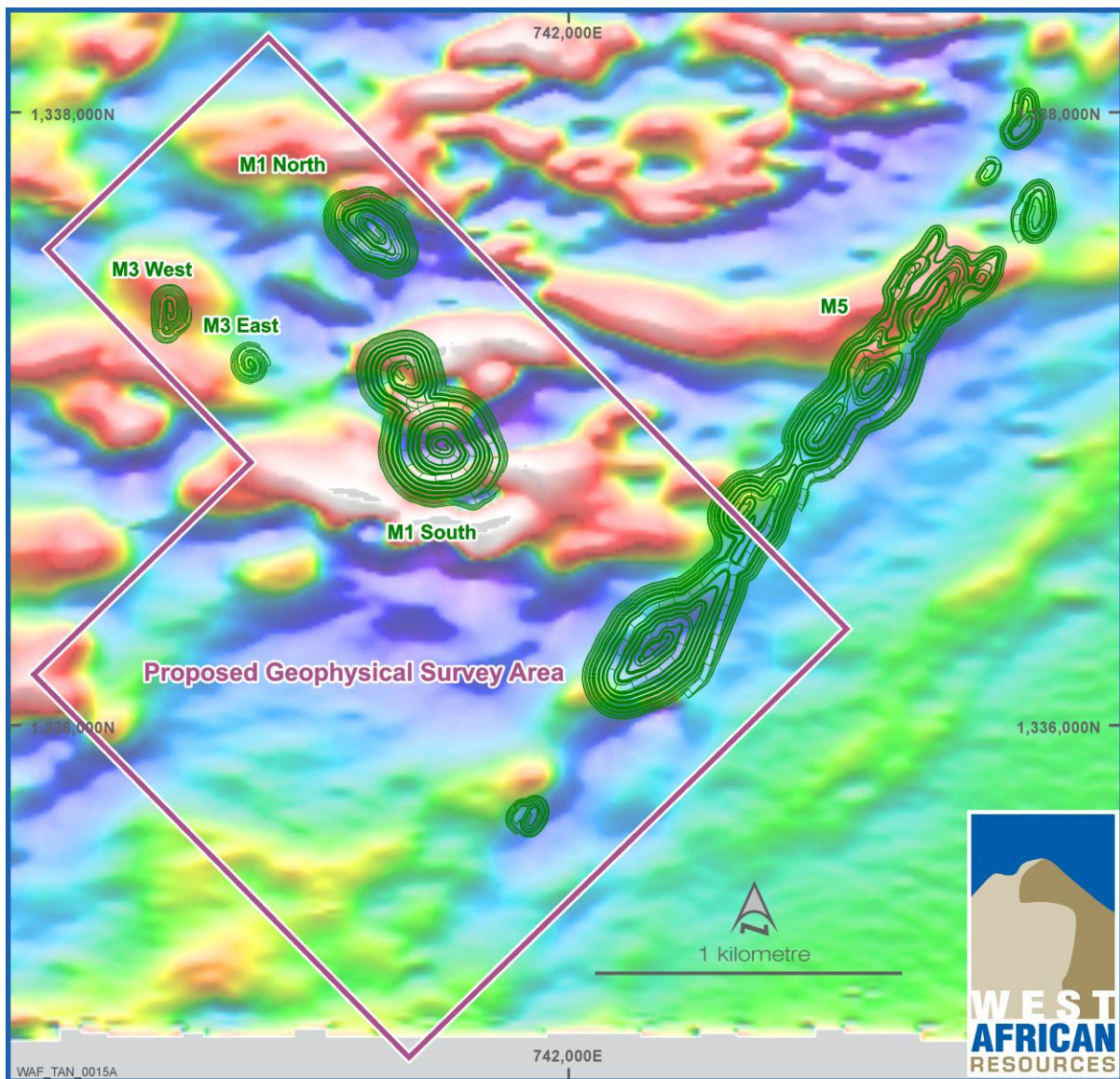


Figure 2 - Geophysical Survey Area – 2011 Aeromagnetic Survey (background)

Exploration

M1 Prospect

After the M1 maiden Mineral Resource was announced, WAF commenced diamond drilling at M1 South with the aim of extending mineralisation beneath the resource. Drilling was completed on 25m by 50m grid along 350m strike.

Hole TAN16-DD063 returned 5m at 30.28 g/t Au from 216m and 14m at 11.82 g/t Au from 216m and this hole was southeast and down plunge of TAN16-DD055 which returned 16m at 69.1g/t Au including 2m at 315.3g/t Au from 209m. Other significant results included 5m at 30.28 g/t Au from 216m, including 1m at 104.95 g/t Au and 14m at 11.82 g/t Au from 224m, including 1m at 131.80 g/t Au.

Drilling prior to the wet season encountered difficulties with access due to open stopes and hummocks at surface, resulting in much of the near surface mineralisation and remnant mineralisation being drilled on an irregular wide-spaced pattern. This resulted in much of the shallow portion of the maiden resource being classified as Inferred. WAF undertook extensive dozer work to fill in and flatten these areas before completing tight-spaced shallow RC drilling on 25m centres. Many of the shallow RC holes encountered open stopes and backfill from surface, however significant results were also returned from remnant zones.

Significant results from this drilling included:

- 3m at 16.52 g/t Au from 32m;

- 2m at 9.04 g/t Au from 13m and 1m at 16.09 g/t Au from 25m; and
- 1m at 24.66 g/t Au from 19m.

Drilling at M1 during the June 2017 quarter targeted extensions of high-grade mineralisation at depth and also infilled drill density in areas of Inferred Resources. Drilling was successful in delineating mineralisation to more than 450m down hole and 350m down dip below surface. Depth of known mineralisation doubled during the quarter and remains open at depth.

Drilling will continue at M1 to target depth extension and allow further resource estimation.

M3 Prospect

WAF completed further drilling at M3, which aimed to upgrade shallow oxide mineralisation, from the Inferred category to Indicated category. Significant results for the RC drilling program included:

- TAN16-RC249: 5m at 5.0 g/t Au from 75m
- TAN16-RC255: 3m at 4.33 g/t Au from 22m
- TAN16-RC260: 11m at 2.1 g/t Au from 56m
- TAN16-RC261: 6m at 1.74 g/t Au from 7m and 10m at 5.04 g/t Au from 34m.

M5 Prospect

WAF commenced a 3,000m drill program at M5 to upgrade mineralisation from Inferred to Indicated category in the September 2016 quarter, however this was suspended due to heavy rains as well as water ingress in some holes. During the December 2016 quarter, WAF used its own rigs to extend these holes. Results included:

- TAN16-RC189 ended in 5m at 4.12 g/t Au - extended by TAN16-DD059 returning 15.25m at 2.6g/t Au, overall intercept now 20.25m at 2.98 g/t Au;
- TAN16-RC202 returned 81m at 1.12 g/t Au from 11m, including 8m at 3.72 g/t Au – extended by TAN16-DD064 and returned a further 7m at 0.78 g/t Au from 126m and 8m at 1.09 g/t Au from 136m;
- TAN16-DD069 returned 11m at 2.82 g/t Au from 117m and 13m at 1.04 g/t Au from 161m;
- TAN16-DD069 extended TAN16-RC203 which ended in 6m at 1.69 g/t Au from 105m; and
- TAN16-DD080 returned 15m at 1.25 g/t Au from 141m. TAN16-DD080 extended TAN16-RC206 which ended in 11m at 1.09 g/t Au from 126m.

Drilling at M5 during 2017 predominately targeted mineralisation in the south western end of the deposit, between SW850 and SW400, beneath the February 2017 reserve pit shell, designed to upgrade Inferred Resources in this area to Indicated Resource status. This was successful, generally intercepting gold mineralisation higher in grade than the February 2017 Inferred Resource grade, which is expected to have a positive impact on M5 open pit reserves and will result in extending the open pit depth in the southern portion of the M5 deposit. A summary of these results include:

-
- TAN17-DD094: 29m at 4.96 g/t Au from 128m, including 9m at 10.6 g/t Au
- TAN17-DD095: 13m at 2.29 g/t Au from 396m, including 1m at 12 g/t Au
- TAN17-DD097A: 15m at 5.03 g/t Au from 256m, including 2m at 27.3 g/t Au
- TAN17-DD100: 20m at 3.34 g/t Au from 170m, including 1m at 14.3 g/t Au and 2m at 16.5 g/t Au
- TAN17-DD100: 22m at 1.53 g/t Au from 210m
- TAN17-DD101: 42m at 3.89 g/t Au, including 2m at 27.47 g/t Au and 14m at 5.41 g/t Au
- TAN17-DD102: 77m at 5.3 g/t Au, including 27m at 12.26 g/t Au and 14m at 22.47 g/t Au; and
- TAN17-DD102: 30m at 2.39 g/t Au from 399m
- TAN17-DD116: 20m at 2.1 g/t Au from 178m
- TAN17-DD118: 36.5m at 2.5 g/t Au from 320m, including 0.5m at 49.5 g/t Au
- TAN17-DD126: 12m at 3.3 g/t Au from 211m
- TAN17-DD127: 37m at 2.4 g/t Au from 298.5m, including 1.5m at 18.1 g/t Au,
- TAN17-DD127: 25.5m at 1.9 g/t Au from 341.5m
- TAN17-DD131: 7m at 1.91 g/t Au from 273m and 6m at 2.17 g/t Au from 323m
- TAN17-DD132: 5m at 2.73 g/t Au from 376m
- TAN17-DD136: 3m at 4.98 g/t Au from 233m
- TAN17-DD142: 8m at 1.87 g/t Au from 379m
- TAN17-DD143: 21m at 2.30 g/t Au from 514m, including 2m at 4.6 g/t Au
- TAN17-DD148: 15m at 1.09 g/t Au from 454m
- TAN17-DD149A: 10m at 1.80 g/t Au from 447m
- TAN17-DD156A: 8m at 17.5 g/t Au from 452m, including 1m at 116 g/t Au and 1m at 17.4 g/t Au

Permitting

WAF received approval of its Resettlement Action Plan (RAP) and the Environmental and Social Impact Assessment (ESIA) for Sanbrado from the Burkina Faso Ministry of Environment, Green Economy and Climate Change in the September 2016 quarter.

In January 2017, the Burkina Faso Government's Council of Ministers approved WAF's 26km² mining permit application for the Sanbrado project.

Other Permits

While West African holds several permits surrounding the Sanbrado Project in Burkina Faso, the Company is focused on developing Sanbrado and did not complete exploration on these permits during the reporting period.

However, the company was granted an exploration licence for the 90km² Manesse landholding, which in addition to the Sanbrado mining permit, covers the area covered by the previous Tanlouka exploration licence.

CORPORATE*Capital Raising*

In August 2016, WAF raised A\$21 million through the placement of 70 million shares at a price of A\$0.30 per share ("Placement"). The placement allowed for the early repayment of a US\$5 million debt facility with Macquarie Bank and provided West African with the capacity to accelerate exploration and resource drilling at Sanbrado, as well as complete a Definitive Feasibility Study for the project.

In addition, the proceeds were also used to commence early civil works, in readiness for development of the project.

Hartley's Limited was Lead Broker to the placement. Clarus Securities Inc. acted as Co-Manager.

Post year-end in July 2017, WAF announced it had entered an agreement with Sprott Capital to act as lead underwriter on a bought deal private placement for 46,875,000 ordinary shares at a price of C\$0.32/share for gross proceeds of C\$15,000,000.

Sprott later exercised its option to acquire up to an additional 7,031,250 ordinary shares for additional gross proceeds of C\$2,250,000, with total gross proceeds increasing to C\$17,250,000. The Offering closed on 24 July 2017.

Funds from the sale of the shares will be used to advance the Sanbrado Gold Project, including ongoing exploration, advancement of an updated resource study, a revised feasibility study and working capital purposes.

Management Appointments

WAF appointed Lyndon Hopkins as Chief Operating Officer and Joanne Thompson as Sustainability Manager in December 2016.



Richard Hyde
MANAGING DIRECTOR

Table 1: Sanbrado Gold Project
20th February 2017 Mineral Resources

	Cutoff (Au g/t)	Indicated Resource			Inferred Resource		
		Tonnes	Grade (Au g/t)	Au Oz	Tonnes	Grade (Au g/t)	Au Oz
M5	0.5	27,660,000	1.2	1,049,000	17,360,000	1.3	712,000
	1	11,100,000	1.9	670,000	7,810,000	2.0	495,000
M1 South	0.5	960,000	7.2	224,000	270,000	8.6	74,000
	1	610,000	11.0	215,000	210,000	10.8	73,000
M1 North	0.5	780,000	1.9	49,000	660,000	1.9	41,000
	1	610,000	2.3	45,000	480,000	2.3	36,000
M3	0.5	170,000	2.0	11,000	260,000	1.4	12,000
	1	130,000	2.3	10,000	180,000	1.7	10,000
Total	0.5	29,570,000	1.4	1,332,000	18,550,000	1.4	839,000
	1	12,450,000	2.3	940,000	8,680,000	2.2	614,000

Qualified/Competent Person's Statement

Information in this Annual Report 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.

Information in this Annual Report that relates to exploration results and mineral resources is based on, and fairly represents, information and supporting documentation prepared by Mr Brian Wolfe, an independent consultant specialising in mineral resource estimation, evaluation and exploration. Mr Wolfe is a Member of the Australian Institute of Geoscientists. Mr Wolfe 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 (or "CP") 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 Canadian National Instrument 43-101. Mr Wolfe has reviewed the contents of this Annual Report and consents to the inclusion of all technical statements based on his information in the form and context in which they appear.

Information in this Annual Report that relates to ore reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Stuart Cruikshanks, an independent specialist mining consultant. Mr Cruikshanks is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Cruikshanks 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 (or "CP") 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 Canadian National Instrument 43-101. Mr Cruikshanks has reviewed the contents of this Annual Report and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

Forward Looking Information

This Annual Report release contains "forward-looking information" within the meaning of applicable Canadian and Australian securities legislation, including information relating to West African's the potential economic feasibility of a principal mineral project, future financial or operating performance may be deemed "forward looking". All statements in this news release, other than statements of historical fact, that address events or developments that West African expects to occur, are "forward-looking statements".

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond West African's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. In the case of West African, these facts include their ability to secure additional funding, anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. Statements concerning mineral resource

estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralization that will be encountered if a mineral property is developed.

Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation: gold price volatility, investor interest in financing of junior resource issuers, exploration hazards and risks; risks related to exploration and development of natural resource properties; uncertainty in West African's ability to obtain funding on reasonable terms or any terms at all; financial market conditions ; risks related to the uncertainty of mineral resource calculations and the inclusion of inferred mineral resources in economic estimation; risks related to governmental regulations; risks related to obtaining necessary licenses and permits; risks related to their business being subject to environmental laws and regulations; risks related to their mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title; risks relating to competition from larger companies with greater financial and technical resources; risks relating to the inability to meet financial obligations under agreements to which they are a party; ability to recruit and retain qualified personnel; and risks related to their directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interests. This list is not exhaustive of the factors that may affect West African's forward-looking information.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information.

West African's forward-looking information is based on the reasonable beliefs, expectations and opinions of their respective management on the date the statements are made and West African does not assume any obligation to update forward looking information if circumstances or management's beliefs, expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

For a complete discussion with respect to West African, please refer to West African's financial statements, which are filed on SEDAR at www.sedar.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of these statements.

Your Directors submit the annual financial report of the consolidated entity for the financial year ended 30 June 2017. 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 period unless otherwise stated.

Mark Connelly BBus MAICD Non- Executive Chairman

Mr Connelly is the former Managing Director and Chief Executive Officer of Perth based Papillon Resources Limited, a gold developer with Malian assets, which merged with Vancouver-based B2Gold Corp in a US\$70 million deal. Previously he was Chief Operating Officer of Endeavour Mining Corporation following its merger with Adamus Resources Ltd where he was Managing Director and CEO.

Mr Connelly is a member of the Audit Committee.

Mr Connelly has been a director of the following listed companies during the past three years.

<u>Company</u>	<u>Position</u>	<u>Appointed</u>	<u>Ceased</u>
B2 Gold Corp	Director	Oct 14	Jun 16
Ausdrill Ltd	Director	Jul 12	-
Manas Resources Ltd	Director	Jan 13	Jun 15
Tiger Resources Ltd	Non-executive Chairman	Oct 15	-
Papillon Resources Ltd	Managing Director	Nov 12	Oct 14
Saracen Mineral Holdings Ltd	Director	May 15	-
Cardinal Resources Ltd	Director	Nov 15	-

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

Richard Hyde is a geologist with more than 20 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 30 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 agribusiness, banking, resources, construction, telecommunications, property development and funds management industries. In the last 15 years he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

Mr Storm is a member of the Audit Committee.

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 and feasibility study work focussing primarily on the Boulssa 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 2017 was \$14,323,895 (2016: \$7,805,445).

Revenue

Revenue comprised interest received of \$256,663. Interest was up 663% on prior year as a consequence of higher AUD cash balances.

The net foreign exchange gain was \$210,402 (2016 foreign exchange loss \$116,503) due to the stronger USD conversion rate on repayment of the USD 5 million loan in August 2016. This gain was also due to the stronger EUR conversion rate on the EUR cash holdings during the year.

Expenses

During the year, the Company continued exploration activities and completed a bankable feasibility study at its Sanbrado (formerly Tanlouka) project in Burkina Faso. Consistent with the Company's accounting policy, \$10,556,409 (2016: \$4,477,361) comprising exploration related costs was expensed in 2017. This includes follow-up diamond and RC drilling, assay and diesel costs together with administrative expenses required to support those exploration activities.

Feasibility and scoping studies expenses were up 77% to \$2,264,305 (2016: \$1,280,028) which included engineering, metallurgy, infrastructure, water supply and environmental works.

Share based payments expense increased by 73% to \$141,531 (2016: \$81,579) due to options issued to a Director and consultants in June 2016.

Cash and cash equivalents at 30 June 2017 decreased by 7% to \$10,549,950 (2016: \$11,376,615).

Operating cash flows

Cash outflows from operating activities increased by 126% to \$14,209,786 (2016: \$6,273,819) due to the increased exploration related and feasibility expenditure.

Investing cash flows

Cash outflows from investing activities were \$121,411 (2016: \$21,409) for the payment of exploration equipment on site.

Financing cash flows

Cash flow from financing activities decreased by 5% to \$13,336,128 (2016: \$13,984,277). In August 2016, the Company issued 70,000,000 shares at 30 cents raising \$21,000,000 and repaid the USD5 million loan facility being \$6,756,756 to the Metals & Energy Capital Division of Macquarie Bank Limited ahead of its maturity date. Further capital of \$476,875 was also raised during the year via the exercise of options. In the prior year, the Company issued 138,571,755 shares at various prices raising \$14,844,665.

Statement of financial position**Current assets**

Current assets decreased by 6% to \$10,925,319 (2016: \$11,576,135) mainly due to cash and cash equivalents decreasing 7% to \$10,549,950 (2016: \$11,376,615).

Non-current assets

Non-current assets increased by 57% to \$126,302 (2016: \$80,497) mainly due to the addition of exploration equipment.

Current liabilities

Current liabilities decreased by 77% to \$1,970,499 (2016: \$8,466,730) due to the repayment of the USD 5 million loan in August 2016.

Operational activities for the year

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

A drilling program continued mainly on the Mankarga 1 and 5 prospects, and the following provides a summary of the drilling activity completed during the year:-

	Drilling by Quarter								TOTAL	
	Sep-16		Dec-16		Mar-17		Jun-17			
	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres
Diamond	19	4,516	44	7,902	29	7,032	47	14,623	139	34,073
RC	35	4,493	48	4,633	87	8,764	17	1,278	187	19,168
Auger			3	24					3	24
Aircore	1	53			85	1,756			86	1,809
RAB									-	-
	55	9,062	95	12,559	201	17,552	64	15,901	415	55,074

The following provides a summary of the Company's quarterly operational activities:-

September 2016 Quarter

- further spectacular results were achieved on the Sanbrado Gold Project including:
 - 4m at 32.04 g/t Au from 122m Au and 10m at 18.33g/t Au from 172m; and
 - 9m at 11.17 g/t Au, from 197m and 16m at 69.11 g/t Au from 209m;
- the maiden mineral resource for M1 & M3 deposits and an updated estimate for M5 deposit, were completed with the projects mineral resources now 9.8Mt tonnes at 2.1 g/t Au for 670,000 ounces of gold (Indicated) and a further 10.7Mt tonnes at 2.0 g/t Au for 695,000 ounces of gold (Inferred);
- the M1 South structure averaged 1,600 ounces per vertical metre, 30m to 130m below surface, and remained open along strike and down plunge;
- the Permitting & Feasibility Study, the Resettlement Action Plan (RAP) and the Environmental and Social Impact Assessment (ESIA) were approved by Burkina Faso's Ministry of Environment, Green Economy and Climate Change; and
- work continued on the feasibility study.

December 2016 Quarter

- work was done on the mining permit application for the Sanbrado Gold Project, which was approved by the Burkina Faso Government's Council of Ministers post quarter end;
- ESIA received government approval;
- work continued on the open pit feasibility study;
- at M1 South further high-grade results were received including:
 - 5m at 30.28 g/t Au and 14m at 11.82 g/t Au from 216m,
 - 14m at 11.82 g/t Au from 224m, including 1m at 131.80 g/t Au ,
 - 9m at 93.55 g/t Au from 183m including 2m at 282.61g/t Au,
 which confirmed the high-grade tenor of the southernmost high-grade shoot at M1;
 - 11m at 7.43 g/t Au from 279m and 10m at 4.93 g/t Au from 293m, representing the discovery of a new zone of deeper mineralisation at M1; and
- drilling was completed for the feasibility study resource update with results from M1, M3 and M5 to be used to update existing estimates.

March 2017 Quarter

- the interim open-pit feasibility study was completed and confirmed for the Sanbrado Gold Project as +150,000 ounces per annum gold producer with rapid capital payback with a low-cost simple CIL process flowsheet;
- a 124% increase in Indicated Resources at M1 South, and a 103% increase in probable reserves, now 894,000 ounces (16.8Mt at 1.7g/t Au) was announced;
- continued with outstanding drill results post the study release from M1 and M5 which exceeded expectations, confirming high grade mineralisation open at depth and underground potential at both M1 and M5;
- commenced underground mining study;
- high-grade visible gold intercepted in multiple holes at M1, doubling the depth of the intercepted mineralisation, which was now more than 400m below surface;
- mining licence received from the Government of Burkina Faso;

- drilling accelerated with 5 rigs on site, double shifting; and
- M5 drilling results exceeded expectations and M1 drilling confirmed an ultra-high-grade system was still open at depth.

June 2017 Quarter

- High-grade diamond drilling results achieved from M1, more than 400m down hole;
- mineralisation at M1 now more than double the average depth of the current reserve;
- deep drilling at M1 and M5 targeting open zones & infill drilling targeting category upgrades; and
- ground geophysical surveys commenced targeting additional M1-style mineralisation.

Corporate Activities

The Company's corporate activities included:-

- in August 2016, West African raised A\$21 million through the placement of 70 million shares at a price of A\$0.30 per share;
- the placement allowed for the early repayment of a US\$5 million (A\$6,756,756) debt facility with Macquarie Bank;
- during the December 2016 quarter, key management appointments were made with Lyndon Hopkins being appointed Chief Operating Officer and Joanne Thompson being appointed Sustainability Manager;
- the R & D grant documentation was lodged during the March 2017 quarter and \$117,727 was received in May 2017; and
- in the June 17 quarter the company commenced and completed post quarter end a C\$17.25m (A\$17.2) bought deal private placement led by Sprott Capital Partners from Canada, in which 53,906,250 ordinary shares were issued in July 2017.

Future Business Strategy

The Company's future business strategy includes:-

- continue aggressive drilling programs - +60,000m RC and diamond deep drilling per annum, targeting depth extensions at M1 and M5;
- completion of resource estimation studies;
- completion of ground geophysical survey targeting additional M1-style mineralisation;
- target generation and drill planning for 2017-18 field season;
- enhance metallurgy - review mill design and further test work to improve current +90% recoveries;
- update permitting - mining and environmental permits to CIL project; and
- feasibility update incorporating underground mining and additional inventory from M1 and M5.

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

On 24 July 2017, the Group raised \$17.3 million (before costs) by issuing 53,906,250 ordinary shares at 32.2 cents.

On 23 August 2017, Macquarie Bank exercised its options and 40,545,244 shares were issued at 14 cents, raising an additional \$5.7 million.

Other than this, there has not been any matter or circumstance not otherwise disclosed 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:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- 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 Key Management Personnel ("KMP") 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 KMP. To prosper, the Group must attract, motivate and retain highly skilled KMP.

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.

KMP 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 aggregate non-executive Directors' fee pool limit currently stands at \$500,000. 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 KMP for the year ended 30 June 2017 is detailed below.

B. Details of remuneration for the year ended 30 June 2017

		Short term benefits		Post-employment benefits	Share based payments	Total	%
		Cash salary and Fees* (paid/payable)	Bonus	Super-annuation	Share Options		Performance related
Directors							
Mark Connelly	2017	65,000	-	-	41,767	106,767	-
	2016	50,000	20,000	-	11,367	81,367	-
Richard Hyde	2017	300,000	-	-	44,800	344,800	-
	2016	280,000	100,000	-	44,923	424,923	-
Simon Storm	2017	65,000	-	-	-	65,000	-
	2016	45,220	20,000	-	-	65,220	-
Jean-Marc Lulin Resigned 28/8/15	2017	-	-	-	-	-	-
	2016	5,611	-	-	-	5,611	-
Chief Operating Officer							
Lyndon Hopkins ¹ Appointed 1/12/16	2017	115,371	-	10,960	-	126,331	-
	2016	-	-	-	-	-	-
Total	2017	545,371	-	10,960	86,567	642,898	-
	2016	380,831	140,000	-	56,290	577,121	-

¹ Salary of \$29,110 was paid to Lyndon Hopkins as Project Manager prior to his appointment as Chief Operating Officer.

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, expiring 30 June 2019, for the provision of technical and corporate services. Annual fees payable to Azurite are \$300,000 plus GST to be reviewed annually. The Company may terminate the consultancy agreement on 1 month's notice by paying 6 months of consultancy fees. Azurite may terminate the consultancy agreement due to breach or upon 3 months notice. Amount payable at balance date \$25,000 (2016: \$23,333)

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 \$5,417 per month together with fees of \$180 per hour, where the number of hours each month exceeds 20 by Mr Storm. This agreement will continue unless terminated by either party upon submission of 3 months written notice.

The Company has entered into an employment contract with Lyndon Hopkins as Chief Operating Officer. His remuneration is \$250,000 per annum inclusive of superannuation. Mr Hopkins commenced employment on 1 December 2016 and his salary will be reviewed annually. The Company may terminate the contract upon 2 months written notice. Mr Hopkins has the right to terminate the contract upon 2 months notice.

D. Option holdings of Key Management Personnel

30-Jun-17	Balance at beginning of period 1 Jul 2016	Options Exercised	Net Change Other	Balance at end of period 30 Jun 2017	Vested at 30 June 2017		
					Total	Exercisable	Not Exercisable
Directors							
Mark Connelly	3,000,000	-	-	3,000,000	3,000,000	-	3,000,000
Richard Hyde ¹	4,000,000	-	-	4,000,000	4,000,000	2,000,000	2,000,000
Simon Storm ¹	-	-	-	-	-	-	-
Chief Operating Officer							
Lyndon Hopkins ²	-	-	750,000	750,000	750,000	250,000	500,000
Total	7,000,000	-	750,000	7,750,000	7,750,000	2,250,000	5,500,000

¹ The Company has offered to Messrs Hyde and Storm 2,000,000 and 750,000 options respectively exercisable at 24 cents, which would vest on first production of gold from the Sanbrado Gold Project in Burkina Faso. These options are subject to shareholder approval at the 2017 AGM (Refer Note 15).

² The 750,000 options were issued to Mr Hopkins prior to him becoming the Chief Operating Officer.

Shares issued on Exercise of Compensation Options

No shares were issued on exercise of compensation options in the year ended 30 June 2017 (30 June 2016: Nil).

E. Share holdings of Key Management Personnel

30-Jun-17	Balance at beginning of period 1 July 2016	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2017
Directors					
Mark Connelly	-	-	-	-	-
Richard Hyde	16,280,769	-	-	-	16,280,769
Simon Storm	3,090,769	-	-	-	3,090,769
Chief Operating Officer					
Lyndon Hopkins ¹	-	-	-	1,750,154	1,750,154
Total	19,371,538	-	-	1,750,154	21,121,692

¹ Mr Hopkins held 1,500,154 shares prior to him becoming the Chief Operating Officer and he acquired 250,000 shares on market subsequent to his appointment.

All equity transactions with KMP 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

No loans have been provided to KMP during the year.

G. Transactions with KMP

	Consolidated	
	2017 \$	2016 \$
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. This excludes fees included as remuneration noted under B. Amount payable at balance date \$8,694 (2016: \$6,895)	44,022	44,150
The Managing Director's spouse has provided office premises to the Company for \$440 per week at 14 Southbourne Street, Scarborough, Western Australia. Amount payable at balance date \$Nil (2016: \$Nil)	25,485	19,537
The Chairman, Mr Connelly is a director of Ausdrill Ltd which through its wholly owned subsidiary, African Mining Services Burkina Faso SARL, has provided exploration drilling services to Tanlouka SARL on normal commercial terms. Mr Connelly is not party to any of these commercial negotiations. This excludes fees included as remuneration noted under B. Amount payable at balance date \$20,184 (2016: \$681,472)	1,814,678	873,577
	1,884,185	937,264

End of Remuneration Report

Directors' Interests

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

Directors	Ordinary Shares		Options	
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Mark Connelly	-	-	3,000,000	-
Richard Hyde	7,730,769	8,550,000	-	4,000,000
Simon Storm	-	3,090,769	-	-

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
Mark Connelly	5	5	2	2
Richard Hyde	5	5	2	2
Simon Storm	5	5	2	2

A - meetings attended

B - meetings held whilst a director

In addition, 2 circular resolutions recorded various decisions of the Board during the year.

Share Options

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

Date of issue	Exercise Price	Date of report
17-Jan-14	0.62-1.66	568,750
22-Dec-14	0.14	40,545,224
20-Feb-15	0.145	5,375,000
18-Aug-15	0.10	500,000
01-Dec-15	0.15	2,000,000
03-Jun-16	0.10	1,000,000
03-Jun-16	0.15	1,000,000
06-Jun-16	0.085	5,000,000
21-Mar-17	0.240	400,000
12-May-17	0.240	875,000
Total		57,263,974

Refer to Note 21 for Option expiry dates.

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 set out on page 49 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.

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

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.

Consolidated	
2017	2016
\$	\$

The auditor of West African Resources Limited is HLB Mann Judd.

Audit or review of the financial statements	27,250	26,750
	27,250	26,750

Amounts received or due and receivable by non HLB Mann Judd audit firms

Audit or review of the financial statements	-	6,706
Certification of expenditure	22,380	-
	22,380	6,706

Signed in accordance with a resolution of the directors.



Richard Hyde
Director

Perth, 29 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated	
		2017 \$	2016 \$
Revenue from continuing operations	2(a)	256,663	34,995
Foreign exchange gain	2(a)	210,402	-
Regulatory and compliance expense		(262,500)	(152,994)
Office expense		(219,472)	(160,180)
Depreciation expense	2(b)	(72,966)	(131,482)
Personnel expense		(479,791)	(329,220)
Travel and accommodation expense		(116,718)	(87,315)
Property expense		(94,886)	(93,880)
Consulting fee expense		(511,373)	(399,180)
Auditors' fees		(32,837)	(39,975)
Directors' fees		(65,314)	(195,611)
Share based payments	21	(141,531)	(81,579)
Exploration related costs	2(b)	(10,556,409)	(4,477,361)
Feasibility and scoping studies	2(b)	(2,264,305)	(1,280,028)
Impairment of non current assets		-	(448)
Foreign exchange loss	2(b)	-	(116,503)
Interest expense		(90,585)	(574,259)
Loss before tax		(14,441,622)	(8,085,020)
Income tax benefit	3	117,727	279,575
Loss after tax		(14,323,895)	(7,805,445)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(39,184)	2,570
Other comprehensive income/(loss), net of income tax		(39,184)	2,570
Total comprehensive loss for the half-year attributable to the owners of West African Resources Ltd		(14,363,079)	(7,802,875)
Loss per share for loss attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)	4	(3.0)	(2.6)

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 2017

		Consolidated	
	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	6	10,549,950	11,376,615
Trade and other receivables	7	339,213	164,364
Financial assets	8	36,156	35,156
Total Current Assets		10,925,319	11,576,135
NON-CURRENT ASSETS			
Plant & equipment	9	126,302	80,497
Total Non-Current Assets		126,302	80,497
TOTAL ASSETS		11,051,621	11,656,632
CURRENT LIABILITIES			
Trade and other payables	10	1,970,499	1,709,974
Borrowings	11	-	6,756,756
Total Current Liabilities		1,970,499	8,466,730
TOTAL LIABILITIES		1,970,499	8,466,730
NET ASSETS		9,081,122	3,189,902
EQUITY			
Issued capital	12	65,669,714	45,556,946
Reserves	13	6,287,948	6,185,601
Accumulated losses		(62,876,540)	(48,552,645)
TOTAL EQUITY		9,081,122	3,189,902

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated	
		2017	2016
		\$	\$
		Inflows/(Outflows)	
Cash Flows from Operating Activities			
Payments to suppliers		(1,408,442)	(927,046)
Payments to employees		(492,872)	(377,134)
Exploration related expenditure		(9,886,722)	(3,167,798)
Feasibility and scoping expenditure		(2,397,087)	(1,178,864)
Purchase of prospects and investments		(24,229)	(366,720)
Interest received		257,753	18,462
Interest paid		(375,914)	(554,294)
Other - R&D tax offset		117,727	279,575
Net cash outflow from operating activities	6(i)	(14,209,786)	(6,273,819)
Cash Flows from Investing Activities			
Purchase of plant and equipment		(121,411)	(21,409)
Net cash outflow from investing activities		(121,411)	(21,409)
Cash Flows from Financing Activities			
Proceeds from issue of shares		21,476,875	14,844,665
Share issue related costs		(1,383,991)	(860,388)
Repayment of convertible note facility		(6,756,756)	-
Net cash inflow from financing activities		13,336,128	13,984,277
Net (decrease)/increase in cash held		(995,069)	7,689,049
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		168,404	175,674
Cash at the end of the financial period	6	10,549,950	11,376,615

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	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	-	(7,805,445)	-	-	(7,805,445)
Other comprehensive income for the year	-	-	2,570	-	2,570
Total comprehensive loss for the year	-	(7,805,445)	2,570	-	(7,802,875)
Shares issued during the year net of transaction costs	13,383,621	-	-	-	13,383,621
Share based payments	-	-	-	961,041	961,041
Balance at 30 June 2016	45,556,946	(48,552,645)	65,746	6,119,855	3,189,902
Balance at 1 July 2016	45,556,946	(48,552,645)	65,746	6,119,855	3,189,902
Loss after tax	-	(14,323,895)	-	-	(14,323,895)
Other comprehensive income for the year	-	-	(39,184)	-	(39,184)
Total comprehensive loss for the year	-	(14,323,895)	(39,184)	-	(14,363,079)
Shares issued during the year net of transaction costs	20,112,768	-	-	-	20,112,768
Share based payments	-	-	-	141,531	141,531
Balance at 30 June 2017	65,669,714	(62,876,540)	26,562	6,261,386	9,081,122

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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 2017, the Directors have 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 2017. 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 was authorized for issue on 29 September 2017.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

(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 statement of financial position.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(j) 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.

(k) Trade and other accounts payable

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

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

(n) 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.

(o) 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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.

(p) 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.

(q) 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 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.

(r) 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 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, Tanlouka SARL and Societe des Mines de Sanbrado SARL is the Communauté Financière 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).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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 and expenses 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.

(s) 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.

(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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

(t) 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.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2017	2016
	\$	\$
(a) Revenue		
Interest received	256,663	34,995
Net foreign exchange gain	210,402	-
	467,065	34,995
(b) Expenses		
Depreciation of non-current assets	72,966	131,482
Net Foreign exchange loss	-	116,503
Exploration expenditure		
Exploration related costs	10,556,409	4,477,361
Feasibility and scoping studies	2,264,305	1,280,028
	12,820,714	5,757,389

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	
	2017	2016
	\$	\$
Accounting loss before tax	(14,441,622)	(8,085,020)
Income tax benefit at 30% (2016:30%)	4,332,487	2,425,506
Non-deductible expenses:		
Foreign exchange gain	28,170	44,050
Share based payments	(42,459)	(24,474)
Impairment of loan to third party	-	(134)
Other non deductible expenses	(862)	(414)
Temporary differences not recognised	345,843	(71,531)
Unused tax losses not recognised	(4,286,079)	(1,995,903)
Accounting expenditure subject to R&D tax incentive	(377,100)	(377,100)
R&D tax incentive	117,727	279,575
Income tax benefit attributable to loss from ordinary activities before tax	117,727	279,575

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 3: INCOME TAX (CONTINUED)

	Consolidated	
	2017	2016
	\$	\$
Unrecognised deferred tax balances		
Tax losses attributable to members of the group - revenue	54,242,640	39,385,063
Potential tax benefit at 30%	16,272,792	11,815,519
Deferred tax asset asset not booked		
Amounts recognised in profit & loss:		
-accrued expenses	48,277	306,940
-share issue costs	685,551	372,354
Net unrecognised deferred tax asset at 30%	17,006,620	12,494,813

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	
	2017	2016
	Cents	Cents
<i>Basic and diluted loss per share (cents per share)</i>	(3.0)	(2.6)
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	(14,323,895)	(7,805,445)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	473,135,959	300,085,223

NOTE 5: 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 in the Boulsa Gold Project in Burkina Faso, Africa. The Group considers its business operations in mineral exploration to be its primary reporting function.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	\$	\$
Cash at bank and in hand	2,050,408	257,118
Deposits at call	8,499,542	11,119,497
	10,549,950	11,376,615

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

	Consolidated	
	2016	2015
	\$	\$

(i) Reconciliation 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	10,549,950	11,376,615
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(ii) Reconciliation of loss after income tax to net cash flows from operating activities:

	Consolidated	
	2016	2015
	\$	\$
Loss after income tax	(14,323,895)	(7,805,445)
Depreciation	72,966	131,482
Share based payments	141,531	81,579
Foreign exchange (gain)/loss	(210,402)	116,503
Impairment of non current assets	-	448
Non cash share issue for acquisition of 10% of Tanlouka SARL	-	300,000
	(14,319,800)	(7,175,433)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(42,058)	(13,055)
(Increase)/decrease in Financial assets	(1,000)	(995)
(Decrease)/Increase in trade and other payables	438,401	895,699
(Decrease)/Increase in borrowings	(285,329)	19,965
		.
Net cash (outflow) from operating activities	(14,209,786)	(6,273,819)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	\$	\$
Current		
Prepayments	6,617	6,697
Other receivables	332,596	157,667
	339,213	164,364

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

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated	
	2017	2016
	\$	\$
Current		
Term deposit	36,156	35,156
	36,156	35,156

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group				
	Buildings	Office Equipment	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
At 1 July 2015, net of accumulated depreciation	3,629	30,631	141,299	6,476	182,035
Effects of movement in foreign exchange	167	1,369	6,635	364	8,535
Additions	-	14,106	2,511	4,792	21,409
Depreciation charge for the year	(2,310)	(19,806)	(101,556)	(7,810)	(131,482)
At 30 June 2016, net of accumulated depreciation	1,486	26,300	48,889	3,822	80,497
Year ended 30 June 2017					
At 1 July 2016, net of accumulated depreciation	1,486	26,300	48,889	3,822	80,497
Effects of movement in foreign exchange	(46)	(563)	(1,953)	(78)	(2,640)
Additions	1,426	10,236	108,559	1,190	121,411
Depreciation charge for the year	(1,243)	(15,058)	(54,932)	(1,733)	(72,966)
At 30 June 2017, net of accumulated depreciation	1,623	20,915	100,563	3,201	126,302
At 30 June 2016					
Cost	35,814	198,086	1,270,754	807,599	2,312,253
Accumulated depreciation	(34,328)	(171,786)	(1,221,865)	(803,777)	(2,231,756)
Net carrying amount	1,486	26,300	48,889	3,822	80,497
At 30 June 2017					
Cost	36,997	206,494	1,370,668	803,295	2,417,454
Accumulated depreciation	(35,374)	(185,579)	(1,270,105)	(800,094)	(2,291,152)
Net carrying amount	1,623	20,915	100,563	3,201	126,302

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated	
	2017	2016
	\$	\$
Current		
Trade payables	1,811,176	686,842
Accruals	80,484	629,496
Interest payable	-	285,329
Other payables	78,839	108,307
	1,970,499	1,709,974

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

NOTE 11: BORROWINGS

	Consolidated	
	2017	2016
	\$	\$
Current		
Loan	-	6,756,756
	-	6,756,756

	Consolidated			
	Interest rate	Maturity	30/06/2017	30/06/2016
	%			
Interest-bearing loans and borrowings				
Non-current interest-bearing loans and borrowings				
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 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. Any funds received by West African Resources through the conversion of the options will be applied against the outstanding facility amount, reducing the outstanding debt owed to Macquarie.

The Company repaid the loan on 24 August 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 11: 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	
	2017	2016	2017	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 from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

NOTE 12: ISSUED CAPITAL

	Consolidated	
	2017	2016
	\$	\$
484,248,253 (30 June 2016: 408,873,253) fully paid ordinary shares	65,669,714	45,556,946

(a) Shares

(i) Ordinary shares - number

	Consolidated	
	2017	2016
	No.	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	-
Issue of shares 20 April 2017	375,000	-

Balance at 30 June 2017	484,248,253	408,873,253
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	Consolidated	
	2017	2016
	\$	\$

(ii) Ordinary shares – value

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	-
Issue of shares 20 April 2017	54,375	-
Share issue costs	(1,364,107)	(1,761,044)

Balance at 30 June 2017	65,669,714	45,556,946
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 12: ISSUED CAPITAL CONTINUED

(b) Options

	Consolidated	
	2017 No.	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
Issue of options 21 March 2017	400,000	-
Issue of options 12 May 2017	875,000	-
Exercise of options	(5,375,000)	-
Expiry of options	(4,345,899)	(470,000)
Balance at 30 June 2017	57,263,974	65,709,873

Refer to Note 21 for Option expiry dates.

(c) Warrants

	Consolidated	
	2017 No.	2016 No.
At start of period	14,918,508	14,918,508
Expiry of warrants	(14,918,508)	-
Balance at 30 June 2017	-	14,918,508

NOTE 13: RESERVES

	Consolidated	
	2017 \$	2016 \$
Reserves	6,287,948	6,185,601

Reserves comprise the following:

Foreign Currency Translation Reserve

At start of period	65,746	63,176
Currency translation differences	(39,184)	2,570
Balance at 30 June 2017	26,562	65,746

Share Based Payments Reserve

At start of period	6,119,855	5,158,814
Options issued - share based payment expense	141,531	81,579
Options issued - share issue costs	-	879,462
Balance at 30 June 2017	6,261,386	6,119,855

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 13: 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, employees and other suppliers or consultants but not exercised.

NOTE 14: FINANCIAL INSTRUMENTS

Consolidated 30-Jun-17			Fixed Interest Rate Maturing				
	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	1.7%	2,050,408	6,969,934	-	-	1,529,608	10,549,950
Trade and other receivables		-	-	-	-	339,213	339,213
Financial Assets		-	36,156	-	-	-	36,156
Total Financial Assets		2,050,408	7,006,090	-	-	1,868,821	10,925,319
Financial Liabilities:							
Trade and other payables		-	-	-	-	1,970,499	1,970,499
Total financial liabilities		-	-	-	-	1,970,499	1,970,499

Consolidated 30-Jun-16			Fixed Interest Rate Maturing				
	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	0.8%	257,118	11,116,991	-	-	2,506	11,376,615
Trade and other receivables		-	-	-	-	164,364	164,364
Financial Assets		-	35,156	-	-	-	35,156
Total Financial Assets		257,118	11,152,147	-	-	166,870	11,576,135
Financial Liabilities:							
Trade and other payables		-	-	-	-	1,709,974	1,709,974
Borrowings	8.13%	6,756,756	-	-	-	-	6,756,756
Total financial liabilities		6,756,756	-	-	-	1,709,974	8,466,730

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 15: EXPENDITURE COMMITMENTS AND CONTINGENCIES

Expenditure commitments contracted for:	Consolidated	
	2017 \$	2016 \$
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	704,736	864,750
- between 12 months and 5 years	4,640,190	3,094,692
- greater than 5 years	680,901	469,940
	6,025,827	4,429,382

Contingencies

In relation to the 2,750,000 options detailed in Section D of the Remuneration Report, in the event of a change of control of the Company prior to shareholder approval, the Company will pay a cash payment in lieu of the grant of each option equal to the value difference between the options exercise price of 24 cents and the takeover bid or scheme price.

NOTE 16: 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	
		2017 %	2016 %
Parent Entity:			
West African Resources Ltd	Australia		
Subsidiaries of West African Resources Ltd:			
Wura Resources Pty Ltd SARL	Burkina Faso	100	100
Swan Resources SARL ¹	Burkina Faso	-	100
Hawthorn Resources SARL ¹	Burkina Faso	-	100
West African Resources Exploration SARL ¹	Burkina Faso	-	100
West African Resources Development SARL	Burkina Faso	100	100
West African Resources Ltd SARL ²	Burkina Faso	-	100
Channel Resources Ltd	Canada	100	100
which owns			
Channel Resources (Cayman I) Ltd	Cayman Islands	100	100
which owns			
Channel Resources (Cayman II) Ltd	Cayman Islands	100	100
which owns			
Tanlouka SARL	Burkina Faso	100	100
Societe des Mines de Sanbrado SA ³	Burkina Faso	90	-

¹ Swan Resources SARL, Hawthorn Resources SARL and West African Resources Exploration SARL were deregistered on 26 January 2017.

² West African Resources SARL was deregistered on 2 November 2016.

³ The remaining 10% of Societe des Mines de Sanbrado SA is held by the Burkina Faso Government which is entitled to a free carried 10% interest in the project on commencement of mining.

The Company finances the operations of Wura Resources Pty Ltd SARL, WAR Development SARL, Channel Resources Ltd, Channel Resources (Cayman I) Ltd, Channel Resources (Cayman II) Ltd, Tanlouka SARL and Societe des Mines de Sanbrado SA 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 16: RELATED PARTY DISCLOSURE CONTINUED

	Consolidated		Parent Entity	
	2017 \$	2016 \$	2017 \$	2016 \$
Amounts owed by / (to) Related Parties				
Subsidiaries				
Wura Resources Pty Ltd SARL	-	-	21,523,468	19,980,317
Societe des Mines de Sanbrado SA	-	-	1,559,031	-
West African Resources Development SARL	-	-	356,353	111,152
Tanlouka SARL	-	-	14,411,843	5,015,524
Total	-	-	37,850,695	25,106,993
Provision for impairment	-	-	(37,850,695)	(25,106,993)
	-	-	-	-
Amounts payable to Directors for Directors' Fees (including GST)	16,250	37,500	16,250	32,500
Amounts payable to Directors for Consulting Fees (including GST)	33,786	149,786	33,786	149,786

Further information with respect to related party transactions are included in Note 19.

NOTE 17: SUBSEQUENT EVENTS AFTER THE BALANCE DATE

On 24 July 2017, the Group raised AUD 17,338,426 by issuing 53,906,205 ordinary shares at CAD 32 cents.

On 23 August 2017, Macquarie Bank exercised its options and 40,545,244 shares were issued at 14 cents raising an additional AUD 5,676,334.

Other than this, there has not been any matter or circumstance not otherwise disclosed 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 18: AUDITORS' REMUNERATION

	Consolidated	
	2017 \$	2016 \$
The auditor of West African Resources Limited is HLB Mann Judd.		
Audit or review of the financial statements	27,250	26,750
	27,250	26,750
Amounts received or due and receivable by non HLB Mann Judd audit firms		
Audit or review of the financial statements	-	6,706
Certification of expenditure	22,380	-
	22,380	6,706

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 19: DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Directors

Mark Connelly	Chairman (non-executive)
Richard Hyde	Managing Director
Simon Storm	Director (non-executive)

Other

Lyndon Hopkins	Chief Operating Officer Appointed 1 December 2016
----------------	---

(b) Compensation of Key Management Personnel

	Consolidated	
	2017 \$	2016 \$
Short-term employee benefits	545,371	520,831
Post-employment benefits	10,960	-
Share-based payments	86,567	56,290
	642,898	577,121

(c) Compensation by category of Key Management Personnel for the year ended 30 June 2017

Consulting fees were paid to Directors, details of which are included in the Remuneration Report in the Directors' Report. A salary was paid to the Chief Operating Officer, details of which are included in the Remuneration Report in the Directors' Report.

(d) Other transactions and balances with Key Management Personnel

	Consolidated	
	2017 \$	2016 \$
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. This excludes fees included as remuneration noted under B. Amount payable at balance date \$8,694 (2016: \$6,895)	44,022	44,150
The Managing Director's spouse has provided office premises to the Company for \$440 per week at 14 Southbourne Street, Scarborough, Western Australia. Amount payable at balance date \$Nil (2016: \$Nil)	25,485	19,537
The Chairman, Mr Connelly is a director of Ausdrill Ltd which through its wholly owned subsidiary, African Mining Services Burkina Faso SARL, has provided exploration drilling services to Tanlouka SARL on normal commercial terms. Mr Connelly is not party to any of these commercial negotiations. This excludes fees included as remuneration noted under B. Amount payable at balance date \$20,184 (2016: \$681,472)	1,814,678	873,577
	1,884,185	937,264

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 20: 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	
	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	10,549,950	11,376,615
Trade and other receivables	339,213	164,364
Financial Assets	36,156	35,156
	10,925,319	11,576,135
Financial liabilities		
Trade and other payables	(1,970,499)	(1,709,974)
Borrowings	-	(6,756,756)
	(1,970,499)	(8,466,730)

(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 2017 and 2016, 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 AUD deposits and there were no interest rate swap contracts outstanding:

	2017		2016	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Deposits and Cash at Bank		9,588,487		11,374,109
Net exposure to cash flow interest rate risk	1.7%	9,588,487	0.8%	11,374,109

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 2017 and 2016, 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 20: FINANCIAL RISK MANAGEMENT CONTINUED

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 2017 and 30 June 2016, 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:

	2017 \$	2016 \$
Financial assets		
Cash and cash equivalents	3,565,926	250,360
Trade and other receivables	249,514	19,575
	3,815,440	269,935
Financial liabilities		
Trade and other payables	856,183	379,828
Borrowings	-	6,756,757
	856,183	7,136,585

At 30 June 2017 and 30 June 2016, had the Australian Dollar moved by up or down by 10% against the CFA, CAD or EURO, with all other variables held constant, post tax profit and equity would have not been materially affected.

At 30 June 2017 and 30 June 2016, the Group had the following exposure to United States Dollar foreign exchange risk:

	Consolidated		Consolidated	
	2017 \$	2016 \$	2017 USD	2016 USD
Financial assets				
Cash and cash equivalents	878,701	3,733	667,813	2,763
	878,701	3,733	667,813	2,763
Financial liabilities				
Trade and other payables	6,453	6,627	4,904	4,904
Borrowings	-	6,756,757	-	5,000,000
	6,453	6,763,384	4,904	5,004,904

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the USD.

	USD Impact	
	2017 \$	2016 \$
Profit or loss		
Appreciation of AUD:USD by 10% from 0.76 to 0.84 (2016: 0.74 to 0.81)	(79,295)	614,514
Depreciation of AUD:USD by 10% from 0.76 to 0.68 (2016: 0.74 to 0.67)	96,916	(751,072)
	17,621	(136,558)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 20: FINANCIAL RISK MANAGEMENT CONTINUED

(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.

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.

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

Year ended 30 June 2017	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	10,549,950	-	-	-	10,549,950
Trade & other receivables	339,213	-	-	-	339,213
Financial Assets	36,156	-	-	-	36,156
	<u>10,925,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,925,319</u>
Financial liabilities					
Trade & other payables	(1,970,499)	-	-	-	(1,970,499)
	<u>(1,970,499)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,970,499)</u>
Net maturity	<u>8,954,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,954,820</u>

Year ended 30 June 2016	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	11,376,615	-	-	-	11,376,615
Trade & other receivables	164,364	-	-	-	164,364
Financial Assets	35,156	-	-	-	35,156
	<u>11,576,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,576,135</u>
Financial liabilities					
Trade & other payables	(1,709,974)	-	-	-	(1,709,974)
Borrowings	-	(6,756,756)	-	-	(6,756,756)
	<u>(1,709,974)</u>	<u>(6,756,756)</u>	<u>-</u>	<u>-</u>	<u>(8,466,730)</u>
Net maturity	<u>9,866,161</u>	<u>(6,756,756)</u>	<u>-</u>	<u>-</u>	<u>3,109,405</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 21: SHARE BASED PAYMENTS

Set out below is a summary of the options granted by the Group during the 2017 and 2016 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.

Unlisted Options - 30 June 2017				
Grant Date	Expiry date	Exercise price	Granted during the year	Vesting Period
21-Mar-17	21-Mar-20	\$0.24	400,000	First Production of gold
12-May-17	12-May-20	\$0.24	875,000	First Production of gold

Unlisted Options - 30 June 2017						
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
21-Mar-17	0.12	0.23	85%	3 years	0%	1.54%
12-May-17	0.14	0.26	85%	3 years	0%	1.54%

Unlisted Options - 30 June 2016				
Grant Date	Expiry date	Exercise price	Granted during the year	Vesting Period
18-Aug-15	18-Aug-18	\$0.10	500,000	First Production of gold
01-Dec-15	01-Dec-18	\$0.15	2,000,000	First Production of gold
22-Dec-15	22-Dec-18	\$0.08	5,000,000	22-Dec-15
03-Jun-16	03-Jun-19	\$0.10	1,000,000	First Production of gold
03-Jun-16	03-Jun-19	\$0.10	1,000,000	First Production of gold
06-Jun-16	06-Jun-19	\$0.85	5,000,000	06-Jun-16

Unlisted Options - 30 June 2016						
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
18-Aug-15	0.04	0.07	100%	3 years	0%	2.00%
01-Dec-15	0.04	0.07	100%	3 years	0%	2.00%
22-Dec-15	0.05	0.08	100%	3 years	0%	2.00%
03-Jun-16	0.11	0.16	100%	3 years	0%	1.57%
03-Jun-16	0.10	0.16	100%	3 years	0%	1.57%
06-Jun-16	0.13	0.17	100%	3 years	0%	1.57%

Expenses arising from share-based payment transactions:

	Consolidated	
	2017 \$	2016 \$
Share based payments to Directors	86,567	56,290
Share based payments to employees	27,647	19,654
Share based payments to third party	27,317	5,635
	141,531	81,579

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 22: PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	2017	2016
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	8,819,354	11,110,550
Trade and other receivables	52,392	118,257
Financial assets	36,156	35,156
Total Current Assets	8,907,902	11,263,963
NON-CURRENT ASSETS		
Financial assets	12,789	12,789
Plant & equipment	-	299
Total Non-Current Assets	12,789	13,088
TOTAL ASSETS	8,920,691	11,277,051
CURRENT LIABILITIES		
Trade and other payables	1,112,786	840,289
Borrowings	-	6,756,756
Total Current Liabilities	1,112,786	7,597,045
TOTAL LIABILITIES	1,112,786	7,597,045
NET ASSETS	7,807,905	3,680,006
EQUITY		
Issued capital	65,669,714	45,556,946
Reserves	6,261,386	6,119,855
Accumulated losses	(64,123,195)	(47,996,795)
TOTAL EQUITY	7,807,905	3,680,006
Loss before income tax expense	(16,244,127)	(7,230,405)
Income tax benefit	117,727	279,575
Total comprehensive loss	(16,126,400)	(6,950,830)

Guarantees, Commitments and Contingencies

There are no Guarantees, Commitments or Contingencies in the Parent Entity other than those mentioned in Note 15.

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 2017 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 2017.

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



Richard Hyde
Director

29 September 2017

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 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit other than an administrative breach which was rectified immediately and did not compromise the objectivity of the engagement team.

**Perth, Western Australia****29 September 2017****N G Neill****Partner****HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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INDEPENDENT AUDITOR'S REPORT

To the members of West African Resources Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of West African Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. We have determined that there are no key audit matters to communicate in our report.

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

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of West African Resources Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



HLB Mann Judd
Chartered Accountants



N G Neill
Partner

Perth, Western Australia
29 September 2017

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 20 September 2017

(a) Distribution of shares

The numbers of shareholders, by size of holding are:

Category (size of holding)	Number of Holders
1 - 1,000	71
1,001 - 5,000	192
5,001 - 10,000	244
10,001 - 100,000	659
100,001 - and over	347
	<u>1,513</u>

The number of shareholdings held in less than marketable parcels is 82.

(b) Twenty largest shareholders

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

	SHAREHOLDERS	Number of shares held	% Holding
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	103,854,254	17.95%
2	MACQUARIE BANK LIMITED<METALS MINING AND AG A/C>	40,545,224	7.01%
3	NATIONAL NOMINEES LIMITED	33,877,171	5.85%
4	J P MORGAN NOMINEES AUSTRALIA LIMITED	20,117,014	3.48%
5	CDS & CO	19,410,705	3.35%
6	BOSTON FIRST CAPITAL PTY LTD	16,690,000	2.88%
7	STICHTING LICHFIELD US <A/C 051 52041 9>	13,250,000	2.29%
8	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	11,127,614	1.92%
9	LUJETA PTY LTD <THE MARGARET ACCOUNT>	10,513,334	1.82%
10	ROYTOR & CO JPM <A/C IE1E>	10,440,400	1.80%
11	CITICORP NOMINEES PTY LIMITED	9,012,426	1.56%
12	ALOHA INVESTMENTS PTY LTD <ALOHA INVESTMENT A/C>	8,550,000	1.48%
13	MR FRANCIS ROBERT HAWDON HARPER	8,080,372	1.40%
14	MR RICHARD HYDE	7,730,769	1.34%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	6,343,806	1.10%
16	MR PHILLIP RICHARD PERRY <DONESKA SUPER FUND A/C>	5,727,719	0.99%
17	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	5,583,300	0.96%
18	MR WILLIAM BOOTH	5,464,913	0.94%
19	MR FRANCIS ROBERT HAWDON HARPER	5,450,464	0.94%
20	CEDE & CO	5,020,059	0.87%
		<u>346,789,544</u>	<u>59.93%</u>

(c) 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 499,870,693 shares on the Australian Register on 20 September 2017; and

- Listing has been granted for the ordinary shares (TSX-V code: WAF) of the company on the Toronto Stock Venture Exchange (TSX) with 78,829,034 shares on the Canadian Register on 20 September 2017.

ADDITIONAL INFORMATION

(d) Substantial shareholders

The names of substantial shareholders are:

Shareholder	Number of shares
1832 Asset Management LP (Manager Dynamic Funds)	45,500,000
Macquarie Bank Limited	40,560,224

(e) Voting rights

All shares carry one vote per unit without restriction.

(f) Unlisted options

16,478,125 options are held by 11 option holders . Options do not carry a right to vote.

Holders of more than 20% of unlisted options are :-

Unlisted Option Holder	Number
Zenix Nominees Pty Ltd	5,000,000

Summary of Tenements in Burkina Faso at 30 June 2017								
Tenement Name	Registered Holder	% Held	Tenement Number	Grant Date	Expiry Date	Tenement Type	Tenement Area km2	Geographical Location
Damongto	West African Resources Ltd SARL	100%	No 2015 000-192/MME/SG/DGCM	3/07/15	01/03/18	EL	36	Namentenga Province
Goudré	West African Resources Ltd SARL	100%	No 2015 000-193/MME/SG/DGCM	3/07/15	23/03/18	EL	250	Zounweogo Province
Manesse	Tanlouka SARL	100%	N2017/014/MEMC/SG/DGCMIM	13/01/17	13/01/20	EL	90,35	Ganzourgou Province
Sartenga	West African Resources Development SARL	100%	No 2015 000074/MME/SG/DGMG	15/10/14	4/08/17	EL	130.7	Namentenga Province
Sondo Sud	West African Resources Development SARL	100%	No 2015 000-154/MME/SG/DGCM	5/06/15	01/12/18	EL	18.3	Gnagna, Kouritenga Provinces
Toghin	Wura Resources Pty Ltd SARL	100%	No 2016 16-140/MEMC/SG/DGCMIM	19/08/16	17/07/17	EL	222	Ganzourgou, Oubritenga Provinces
Vedaga	West African Resources Exploration SARL	100%	No 2016 16-139/MEMC/SG/DGCMIM	19/08/16	17/07/17	EL	207.7	Gourma, Kouritenga Provinces
Zam (2)	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 2015 000194/MCE/SG/DGMGC	1/03/15	1/03/18	EL	23.46	Ganzourgou Province
Sanbrado (1)	Somisa SA (SOCIETE DES MINES DE SANBRADO SA)	90%	No 2017 – 104/PRES/PM/MEMC/MINEFID/MEEV CC	13/03/17	12/03/24	ML	26	Ganzourgou Province
<p>(1) The Sanbrado Mining permit has originally been granted for seven (7) years, but can be revised.</p> <p>(2) An application for a “renouvellement exceptionnel” was lodged for Zam and payment made in March 2017. Arrêté is pending.</p>								