West African Resources Limited

(ABN 70 121 539 375)

Annual Financial Statements

for the year ended 30 June 2018

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)
Ian Kerr (Non-Executive Director)

Company Secretary
Simon Storm

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FY 2018 highlights included:

- Updated Feasibility Study confirmed Sanbrado as a +200,000ozpa gold producer
    - Updated Mineral Resource Estimate included **2.35Moz gold in Indicated Resources and 0.55Moz gold in Inferred Resources;**
    - Probable Ore Reserve of **20.4Mt at 2.4g/t Au for 1,574,000oz gold –** a 76% increase on previous estimate;
    - Average annual production of 211,000 ounces gold over first five years of mine life;
    - 16-month post-tax pay back on US$185 million pre-production capital costs;
    - All-In Sustaining Costs (AISC) of US$551/oz over first 5 years and US$640 life of mine;
    - Pre-tax $NPV_{5\%}$ of US$567m (A$754m) and pre-tax IRR 62%; and
    - Post-tax $NPV_{5\%}$ of US$405m (A$540m) and post-tax IRR 49%.
- Sanbrado is fully permitted, with Mining Permit and Environmental certificate granted.
- In excess of 54,000 metres of drilling completed in 2018 to infill and extend known resources as part of Feasibility Study work.
- Scoping Study underway to examine the potential of underground mining at the M5 deposit.
- Discussions with project lenders are in progress, and debt package is expected by end Q4 2018.
- Early construction works are underway and gold production is expected by 2020.
- $35 million oversubscribed capital raising completed in May 2018, with $42.6 million cash at bank at 30 June 2018.

Chairman's Message

Dear Shareholder

I am pleased to present the 2018 Annual Report for West African Resources Limited (ASX/TSX-V: WAF) as we continue to move our world-class Sanbrado Gold Project in Burkina Faso towards production, whilst also uncovering its greater potential. We have been working towards becoming the next West African gold producer since acquiring Sanbrado a little over four years ago, and we are now on the cusp of transitioning from exploration to development and producing more than 200,000 ounces of gold per year.

Completing an updated Feasibility Study for Sanbrado, building on the previous study released in February 2017, but incorporating plans for underground mining at the M1 deposit, was the focus of our year, and we released the positive results of this work in June 2018. The study confirmed:

- Average annual production of 211,000 ounces gold over the first five years of mine life
- 76% increase in Probable Reserves to 1.6 million ounces (20.4Mt at 2.4g/t gold)
- A 16-month post-tax pay back on US$185 million pre-production capital costs
- All-In Sustaining Costs (AISC) of US$551/oz over first five years of production and US$640/oz over life of mine
- Pre-tax $NPV_{5\%}$ of US$567m (A$754m) and pre-tax IRR 62%
- Post-tax $NPV_{5\%}$ of US$405m (A$540m) and post-tax IRR 49%.

These cost estimates speak for themselves, demonstrating the robustness and strong economics of the project, and show Sanbrado will be in the lowest cost quartile of gold projects once in production.

Sanbrado has substantial further upside through recent high-grade drilling results beneath reserves, demonstrating scope to extend the M1 South mine life beyond its current 4.5 years, and the project's life beyond its expected 11 years. In addition, we have commenced a Scoping Study to investigate underground potential of M5, and there is capacity to increase plant throughput and compress the mining schedule in later years.

Since releasing the updated Feasibility Study, we received a renewed Mining Licence, meaning the project is fully permitted, as environmental approvals were secured earlier in the year. The project is now ready for development, an excellent outcome in the two years since we made our discovery at the M1 South deposit.

Discussions with project financiers are underway, and we expect to appoint a banking syndicate by the end of the 2018 calendar year. There has been a lot of interest from debt providers and resource banks, but the Board will work on achieving the right balance of funding.

We are in a strong financial position, having raised $35 million in a heavily oversubscribed share placement in May 2018, and this should help with the funding negotiations. I thank our shareholders, both new and existing, for their support in this and their continued belief in us.

There is a very experienced team at the helm of West African, headed by long-serving Managing Director Richard Hyde. Our Board and management have a solid track record of discovery and development, particularly in West Africa, and we have continued to build on this with our recent appointments. Ian Kerr joined the Board as a Non-Executive Director and is chairing the Technical Committee that will oversee construction of the Sanbrado Gold Project, providing direct guidance and support to the project management team during the build. Ian has more than 30 years' experience in mining construction and operations with several Australian and international mining companies, and his knowledge will be incredibly valuable to West African as we move into the next phase at Sanbrado.

In the management ranks, Padraig O'Donoghue became Chief Financial Officer and Matthew Wilcox has joined as Chief Development Officer for Sanbrado. Both these executives have extensive experience in mining, having held similar positions with mining companies previously, and we are pleased to have them on board.

It has been an incredibly busy year for West African, but I am proud of what we've achieved, and I thank my fellow Board members and our management and staff for their continued hard work. The next 12 months will be an exciting time in West African's development, and I look forward on reporting on all of our achievements.

Mark Connelly

MARK CONNELLY
NON-EXECUTIVE CHAIRMAN

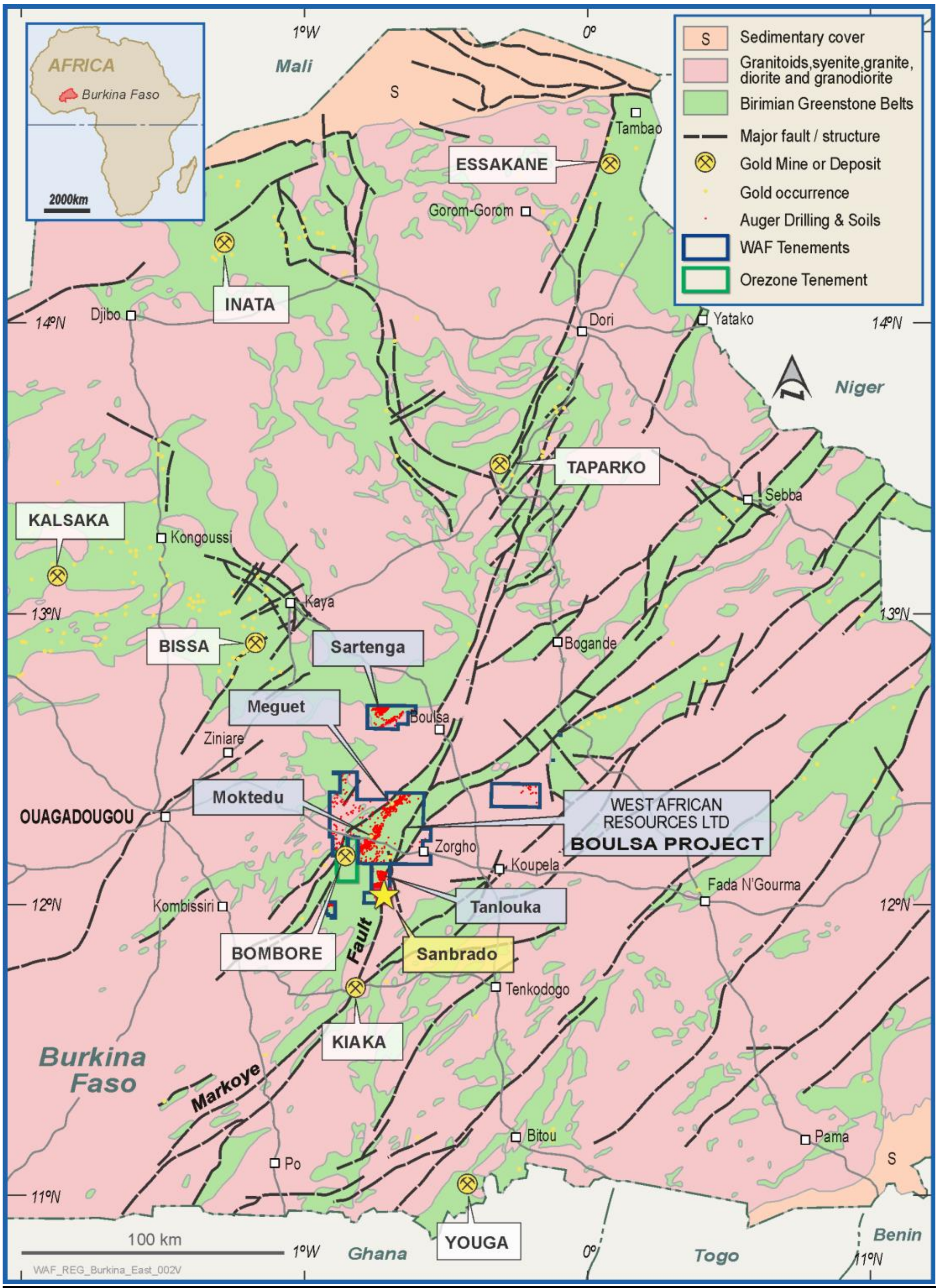
OPERATIONS REVIEW

Sanbrado Gold Project, Burkina Faso

Background

West African Resources Limited ("West African") 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. West African changed the project name to Sanbrado Gold Project in January 2017 to better reflect the local community.

Figure 1 Sanbrado Gold Project Location



Pre-development

In October 2017, West African announced updated resources for the M1 South and M5 deposits, which included an additional 36,000m of RC and diamond drilling that had followed West African's February 2017 Mineral Resource Estimate. The October 2017 estimates included results from drilling which aimed to infill and extend very high-grade gold mineralisation at the M1 South deposit and at the southern end of the M5 deposit.

These estimates were completed by independent resource consultant International Resource Solutions Pty Ltd (IRS) and were 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.

The M1 South resource was separated into open-pit and underground categories, at 0.5 g/t Au and 3 g/t Au cut-off grades respectively. The October MRE for M1 South included combined open-pit (0.5 g/t Au cut-off) and underground (3g/t Au cut-off) Indicated Resources of **1.2Mt grading 14.4 g/t Au for 556,000 ounces of gold**. The total Indicated Resource represented a 150% increase in ounces and a 100% increase in grade over the February 2017 Indicated Mineral Resource (0.96Mt at 7.2 g/t Au for 224,000 ounces gold at 0.5 g/t Au cut-off).

The October MRE for Indicated Mineral Resources at M5 was **35.9Mt grading 1.3 g/t Au for 1.46Moz gold**, a 40% increase in contained ounces and a 7% increase in grade compared to the February 2017 Indicated MRE (27.7Mt at 1.2 g/t Au for 1.05Moz gold).

Table 1
Sanbrado Gold Project
June 2018 Resource

		Cutoff (Au g/t)	Indicated Resource			Inferred Resource		
			Tonnes	Grade (Au g/t)	Au Oz	Tonnes	Grade (Au g/t)	Au Oz
M1 South	O/P <120m	0.5	800,000	6.6	170,000	50,000	4.8	10,000
	U/G >120m	3.0	750,000	25.5	620,000	250,000	7.6	60,000
	Total	Combined	1,550,000	15.9	780,000	300,000	6.9	70,000
M5	O/P	0.5	37,150,000	1.3	1,510,000	12,800,000	1.1	450,000
M1 North	O/P	0.5	750,000	2.0	50,000	500,000	2.0	30,000
M3	O/P	0.5	150,000	2.0	10,000	200,000	1.5	10,000
Total		**Combined**	**39,600,000**	**1.8**	**2,350,000**	**13,850,000**	**1.2**	**550,000**

In June 2018, West African released an updated Feasibility Study for the Sanbrado Gold Project to include underground mining at M1 South. The study confirmed Sanbrado as a +200,000 ounce per annum gold producer.

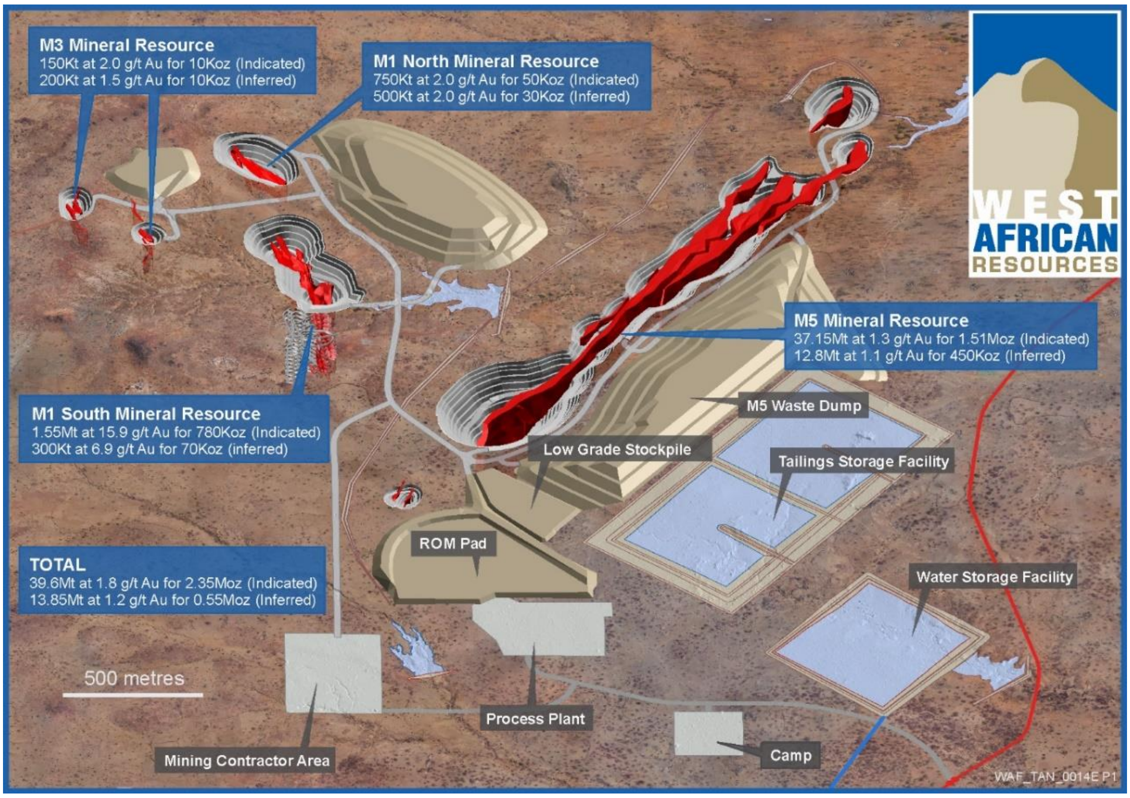
Highlights of the study included:

- Average annual production of 211,000 ounces gold over first 5 years of mine life;
- 76% increase in Probable Reserves to 1.6 million ounces (20.4Mt at 2.4g/t gold);
- 16-month post-tax pay back on US$185 million pre-production capital costs;
- All-In Sustaining Costs (AISC) of US$551/oz over first 5 years and US$640 over life of mine;
- Pre-tax $NPV_{5\%}$ of US$567m (A$754m) and pre-tax IRR 62%; and
- Post-tax $NPV_{5\%}$ of US$405m (A$540m) and post-tax IRR 49%.

Sanbrado Combined Open Pit and Underground Feasibility Study – Production and Financial Highlights	
Base case is stated on a 100% basis and gold price of US$1,300/oz	
Production Y1-5	Average 211,000oz/year
Production LOM	Average 133,000oz/year
Production Costs[1,2] Y1-5	Average Cash Costs of US$497/oz / A$663/oz Average All-in Sustaining Costs (AISC) of US$551/oz / A$735/oz
Production Costs LOM	Average Cash Costs of US$577/oz / A$775/oz Average All-in Sustaining Costs (AISC) of US$640/oz / A$853
IRR & Pay back	Pre-tax IRR of 62% and 12 month pay back on pre-production capital Post-tax IRR of 49% and 16 month pay back on pre-production capital
NPV	Pre-tax NPV5% of US$567m / A$756m Post-tax NPV5% of US$405m / A$540m
Capex	US$185m (inclusive of all open-pit and underground pre-production mining & development costs, contingencies, duties & taxes)
Study Mine Life	11 years
Probable Mineral Reserves[3]	20.4Mt at 2.4 g/t gold containing 1.57 million ounces of gold
LOM Recoveries	92.9% recovering 1.46 million ounces of gold

[1] USD:AUD exchange rate of 0.75, [2] Cash costs include all mining and processing costs, site administration, royalties, refining and site rehabilitation costs. AISC includes Cash costs, sustaining capital, closure costs but excludes head office corporate costs. [3] Based on Indicated Resources only, in-pit Inferred Resources treated as waste in the study mining schedule.

Figure 2
Sanbrado Gold Project Resources and Site Layout



As part of the updated Sanbrado Feasibility Study, West African updated the Mineral Resource Estimate. Sanbrado has a Probable Ore Reserve of **20.4Mt at 2.4g/t Au for 1,574,000 ounces of gold**. There was a 40% increase in Indicated

Resources at M1 South to **780,000oz gold** (1.5Mt at 15.9g/t Au). The overall MRE included 2.35Moz gold in Indicated Resources and 0.55Moz gold in Inferred Resources.

High-grade intercepts at M1 South in the June quarter, including 11m at 10.5g/t Au and 6m at 24.4g/t Au, 70m beneath current resources and reserves, provide scope to improve project value as drilling continues at both the M1 South and M5 deposits, and West African has commenced a Scoping Study to examine the underground potential of the M5 deposit. Further resource and reserve updates are expected by the end of CY2018.

Sanbrado is fully permitted, with West African receiving an updated mining permit post year-end, and environmental approval granted several months earlier.

Discussions with project lenders are in progress and confirmation of a debt package is expected by end Q4 2018.

Early construction works are already underway at Sanbrado post financial year end, and gold production is expected by 2020.

Metallurgical testwork

West African continued a metallurgical test work program during the year as part of its Sanbrado Feasibility Study update. Test work undertaken since completion of a February 2017 FS indicated that 90µm or coarser is an optimal grind size for M5 mineralisation while there appeared to be a significant economic benefit in grinding the higher grade M1 South mineralisation to at least 75µm. The study update proposed a two-stage grinding SABC circuit, enabling greater operational flexibility and the ability to grind ore finer than 90µm if required.

Samples from M1 South returned excellent metallurgical test work results with average recoveries of 96.8%. Gravity recoveries of up to 66% were recorded, with an average of 44%. Testwork demonstrated rapid leach times, with leaching completed within 24 hours for all samples.

These results were significantly higher than recoveries derived from the 2016-17 test work programs which were estimated in the 90% to 96% range for samples grading 5 to 30 g/t Au, with recoveries capped at 96% for >30 g/t Au material.

Permitting

In April, West African announced that the Burkina Faso Ministry of the Environment, Green Economy and Climate Change had approved the updated Environmental and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP) for the Sanbrado Gold Project. Sanbrado will be operated to both Burkinabé and internationally recognised environmental and social standards, in particular the Performance Standards of the International Finance Corporation (IFC). The updated ESIA reflected the proposed processing change from heap leach to carbon in leach extraction, and addition of underground mining to the overall mine plan.

Subsequent to year-end, West African reported the Council of Ministers of the Government of Burkina Faso had approved changes to the original mining permit for the Sanbrado Gold Project, encompassing revised mining and ore processing methods, detailed in the June 2018 updated feasibility study. The updated mining permit approves changes to include underground mining in addition to open pit mining and approves using the carbon in leach (CIL) processing method.

Exploration

M1 Deposit

Results from infill drilling undertaken at the M1 South deposit during the September quarter continued to confirm the continuity of high-grade gold mineralisation, with results including **4m at 21.45 g/t Au** from 421.5m, including **0.5m at 79.7 g/t Au**, **3m at 29.52 g/t Au** from 434m, including **0.5m at 127 g/t Au**, **3m at 14.49 g/t Au** from 417m, including **0.5m at 73.9 g/t Au** and **16.5m at 14.78 g/t Au** from 446.5m, including **2.5m at 79.9 g/t Au** and **0.5m at 320 g/t Au**. Infill drilling confirmed the high-grade nature of the main shoot at M1 South and provided further confidence for the geological model.

Drilling along strike to extend the mineralisation returned mixed results but included **1.5m at 91.76 g/t Au** from 155m, including **0.5m at 215.6 g/t Au** and **3.5m at 15.79 g/t Au** from 347m, including **0.5m at 64 g/t Au**.

Deep drilling at M1 South intercepted high-grade mineralisation, demonstrating the M1 South structure remained wide open at depth and along strike to the northwest, with one drill hole confirming mineralisation at a depth of 450m below surface.

With West African having completed an updated MRE for M1 in October 2018, the Company continued drilling at M1 South. Drilling demonstrated high-grade gold mineralisation remained open along strike to the northwest and wide open at depth. The drilling primarily targeted infilling of Inferred Resources 350-500m below surface on a nominal 25m by 25m pattern to upgrade Inferred material to Indicated category. It also provided essential structural information needed before extensional drilling +500m below surface recommenced.

Wedge hole TAN17-DD169-WD1 returned a spectacular result of **3.5m at 30.46 g/t Au** from 469m including **0.5m 198 g/t Au and 10m at 54.2 g/t Au** from 499m including **2m at 247 g/t Au**, while the parent hole TAN17-DD169 returned a solid intercept of **5m at 10.42 g/t Au** from 486m including **1m at 44 g/t Au and 16.5m at 15.68 g/t Au** from 511m including **0.5 at 154 g/t Au**.

This drilling continued into the March quarter, and results demonstrated excellent continuity of high-grade gold mineralisation in areas of previously sparsely-drilled Inferred Resources. High-grade results included **14m at 39.33 g/t Au** from 448.5m including **0.5m at 860 g/t Au**, **1.5m at 194.47 g/t Au** from 414.5m including **0.5m at 440 g/t Au** and **12.5m at 17.3 g/t Au** from 464.5m including **0.5m at 151 g/t Au**.

Drilling at M1 South also targeted vertical extensions of high-grade mineralisation at more than 550 vertical metres below surface, aiming to extend mineralisation at depth and demonstrate M1 South's potential as an open fertile high-grade gold system. West African intercepted visible gold mineralisation from the first of these holes which returned **13.5m at 18.21 g/t Au** from 575m including **1m at 131.9 g/t Au** and **2.5m at 43.97 g/t Au** from 614m including **1m at 83.9 g/t Au**.

In the June quarter, West African targeted extensions to known mineralisation at +500m depth at M1 South, completing step-out and down drilling. This returned significant results including **0.5m at 520 g/t Au** from 578m and **23m at 7.3 g/t Au** from 617m including **3.5m at 20.2 g/t Au**, **4m at 24.4 g/t Au** and **1.5m at 21.5 g/t Au**. Results from one hole (TAN18-DD214A) demonstrated a potential new zone of high-grade mineralisation, and West African will complete infill drilling to test lithology and alteration.

Results from four other holes completed during the June quarter drilling demonstrated step-down drilling at depth remains a high priority in the Company's exploration strategy. West African commenced infill drilling using wedges off the four holes to bring the drill density up to 25m by 25m required for future resource estimation studies. This work will add significant value to the project and is expected to extend the underground mine life well past the current 4.5 years.

M5 Deposit

Infill and extensional drilling completed at M5 during the September quarter demonstrated strong grade at depth in the M5 system. Drill hole TAN17-DD156A on section SW650 returned strong results of **8m at 17.5 g/t Au** from 452m, including **1m at 116 g/t Au** and **1m at 17.4 g/t Au**. This result was more than 70m down-dip of TAN17-DD102 which returned 77m at 5.3 g/t Au including 27m at 12.26 g/t Au and 14m at 22.47 g/t Au.

Results from this drilling in the first half of the year positively impacted the M5 reserve estimate and extended the open-pit depth in the southern portion of the deposit.

Drilling in the second half of the year targeted this southern portion of the deposit on 25m sections, as West African interpreted higher grade mineralisation to occur around the intersection of the M1 and M5 structures.

West African reported significant results from this drilling which included **20m at 2.2g/t Au** from 216m including **9m at 3.9 g/t Au**, **22m at 2.4g/t Au** from 115m including **2m at 12.8 g/t Au**, **23m at 7.2g/t Au** from 102m including **14m at 11.3 g/t Au**, and **14m at 7.7g/t Au** from 90m including **8m at 12.6 g/t Au**.

Significant mineralisation exists beneath the proposed open pit at M5, which has underground mining potential. In the June quarter, West African commenced a Scoping Study to examine the potential beneath the proposed M5 open pit following drilling at M5 that targeted higher grade mineralisation in the southern portion of the deposit on 25m sections. Significant mineralisation occurs beneath the proposed open pit with results from detailed drilling supporting potential for two higher grade shoots.

June quarter results from M5 included **3m at 7.56 g/t Au** from 225m, **31m at 2.39 g/t Au** from 246m, **18m at 4.82 g/t Au** from 266m and **4m at 12.34 g/t Au** from 238m.

New target generation

West African completed ground magnetic and IP geophysical surveys covering the M1, M3 and southern M5 areas during the September quarter.

Other Projects

No work was completed on the Company's other projects during the 2018 Financial Year.

CORPORATE

$35 million Capital Raising

In May 2018, West African received firm commitments to raise A$35 million before costs through a placement of 109.4 million shares at A$0.32 per share. The Placement was heavily over-subscribed, and supported by existing shareholders, as well as several new large institutional investors from European, North American and Australian markets.

Applications for the share placement were made by professional, sophisticated and institutional clients of Hartleys Limited and Sprott Capital Partners, a division of Sprott Private Wealth LP, who together were the Joint Lead Managers and Bookrunners to the Placement. Euroz Limited, Cormark Securities Inc. and Macquarie Capital Markets Canada Ltd were Co-Managers to the Placement.

The Company issued the new fully paid ordinary shares on 14 May under ASX Listing Rule 7.1 and 7.1A.

West African is using the funds to commence key pre-development activities at Sanbrado including underground access into the high-grade at M1 South deposit, on site water storage for construction and an upgrade of camp facilities. It will also accelerate infill and extensional resource drilling at M1 South and M5 and expand its regional exploration program.

As at 30 June 2018, West African had $42.6 million cash at bank.

Board & Management appointments

West African announced the appointment of Ian Kerr as a Non-Executive Director in the June quarter. Mr Kerr is chairing the Technical Committee that will oversee construction of the Sanbrado Gold Project and is a member of the Audit Committee and Remuneration Committee. He is also providing direct guidance and support to the project management team during the build.

West African also announced the appointment of Padraig O'Donoghue as its Chief Financial Officer. Mr O'Donoghue has extensive experience in the mining industry and has held CFO and Company Secretarial positions with several private and ASX listed mining and contracting companies, including Consolidated Rutile, VDM, Navigator, Jabiru and Barminco.

Post year-end, West African announced the appointment of Matthew Wilcox as Chief Development Officer, who joined the team in September to directly manage the construction of Sanbrado. Mr Wilcox is highly experienced in the gold mining construction industry in West Africa, having spent the past eight years working for Nord Gold SE, which operates nine gold mines globally, including three mines in Burkina Faso and one mine in Guinea. He was Project Director for the construction of Nord Gold's 4Mtpa Bissa Gold Project and 8Mtpa Bouly Gold Project, both located in Burkina Faso.

Exercise of Options

In the September quarter, the Commodity Markets and Finance Division of Macquarie Bank Limited (Macquarie) exercised 40,545,224 unlisted options (Options) at A$0.14, adding $5.7m to the Company's cash balance. The Options related to a US$5 million loan facility, which West African transacted in December 2014 and repaid in August 2016.

In the March quarter, 2.5 million vested options held by employees were exercised at price of 14.5 cents and 2.5 million ordinary shares issued.

Filing of NI 43-101 Technical Report

In December 2017, West African filed a National Instrument 43-101 (NI 43-101) Technical Report regarding the 30 October 2017 resource upgrade for the Sanbrado Gold Project, Burkina Faso, as required by Canadian securities regulations. The independently authored Technical Report was prepared in accordance with the requirements NI 43- 101 and complies with the 2012 JORC Code. The Technical Report details the resource update for the M1 South and M5 deposits only and restates findings of the 20 February 2017 open pit feasibility study.

Subsequent to year end the Company filed an updated 43-101 (NI 43-101) Technical Report titled "Open Pit and Underground Feasibility Study, Sanbrado Gold Project, Burkina Faso", with an effective date of 25 April 2018 which related to the updated feasibility study which was announced on 22 June 2018.

RHyde

RICHARD HYDE
MANAGING DIRECTOR

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 (or "Group") for the financial year ended 30 June 2018. 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 US570 million deal. Previously he was Chief Operating Office 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, Technical Committee and Chairman of the Remuneration Committee.

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

Company	Position	Appointed	Ceased
B2 Gold Corp	Director	Oct 14	Jun 16
Ausdrill Ltd	Director	Jul 12	Jun 18
Tiger Resources Ltd	Non-executive Chairman	Oct 15	Jun 18
Saracen Mineral Holdings Ltd	Director	May 15	Nov 17
Cardinal Resources Ltd	Director	Nov 15	Oct 17
Tao Commodities Ltd	Non-executive Chairman	May 17	-
Calidus Resources Ltd	Non-executive Chairman	Feb 18	-
Primero Group Ltd	Non-executive Chairman	May 18	-

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.

Mr Hyde has not acted as a director of any other listed entity in the past three years.

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 Chairman of the Audit Committee and a member of the Remuneration Committee.

Mr Storm has not acted as a director of any other listed entity in the past three years.

Ian Kerr – appointed 28 June 2018
Non- Executive Director

Ian Kerr is an engineer with more than 30 years experience in mining construction and operations with several Australian and international mining companies including Placer Dome and EMC. He has also held senior positions with engineering firms Lycopodium and Mintrex.

Mr Kerr is Chairman of the Technical Committee and a member of the Audit Committee and Remuneration Committee.

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

Company	Position	Appointed	Ceased
Tiger Resources Ltd	Director	Apr 16	Aug 18
Gascoyne Resources Ltd	Director	Nov 17	-

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 Sanbrado 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 2018 was $25,300,694 (2017: $14,323,895).

Revenue
Revenue comprised interest received of $460,615. Interest was up 79% on prior year as a consequence of higher AUD cash balances.

The net foreign exchange gain was $324,858 (2017: $210,402) and related to the stronger USD and EUR conversion rates on the USD and EUR cash holdings during the year.

Expenses
During the year, the Company continued exploration activities and completed an update of its bankable feasibility study at its Sanbrado Project in Burkina Faso. Consistent with the Company's accounting policy, $20,001,564 (2017: $10,556,409) comprising exploration related costs were expensed in 2018. 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 down 21% to $1,796,102 (2017: $2,264,305) due to reduced engineering, metallurgy, infrastructure, and water supply works incurred in updating the bankable feasibility study.
Share based payments expense increased by 110% to $296,899 (2017: $141,531) due to options issued to Directors and staff during the year.

Operating cash flows
Cash outflows from operating activities increased by 62% to $23,046,290 (2017: $14,209,786) mainly due to the increased exploration related expenditure.

Investing cash flows
Cash outflows from investing activities were $316,230 (2017: $121,411) for the payment of exploration equipment for use on site.

Financing cash flows
Cash flow from financing activities increased by 313% to $54,999,293 (2017: $13,336,128). In the current year, the Company issued 206,576,474 shares at various prices raising $52,338,426. The Company also received $5,773,831

(2017: $Nil) from the exercise of 41,295,224 share options. In the prior year, the Company repaid a USD5 million loan facility being $6,756,756 to the Metals and Energy Capital Division of Macquarie Bank Limited.

Statement of financial position

Current assets
Cash and cash equivalents at 30 June 2018 increased by 303% to $42,565,271 (2017: $10,549,950) and therefore current assets increased by 296% to $43,315,252 (2017: $10,925,319).

Non-current assets
Non-current assets increased by 196% to $374,126 (2017: $126,302) mainly due to the addition of exploration equipment for use on site.

Current liabilities
Current liabilities increased by 123% to $4,396,969 (2017: $1,970,499) due to the increase in creditors from exploration related work, mainly relating to drilling services.

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									
	Sep-17		Dec-17		Mar-18		Jun-18		TOTAL	
	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres
Diamond	*21*	**7,874**	*27*	**11,227**	*27*	**8,526**	*20*	**6,108**	*95*	**33,735**
RC					*80*	**10,647**	*94*	**8,972**	*174*	**19,619**
Aircore			*6*	**174**	*24*	**437**	*13*	**313**	*43*	**924**
	21	**7,874**	*33*	**11,401**	*131*	**19,610**	*127*	**15,393**	*312*	**54,277**

Exploration

The Company's activities on its Sanbrado Project in Burkina Faso, West Africa, for the year ending 30 June 2018 included:-

During the **September 2017 quarter**, the Group completed an infill and extensional drilling program aimed at expanding and improving the category of mineral resources for the M1 South and M5 deposits. The Company maintained momentum throughout the wet-season by keeping three rigs drilling on a double shift basis and drilled 8,894 metres.

The M1 South structure remained open at depth and along strike to the northwest. Further high-grade results from depth at M1 South were also achieved. Drilling at M5 demonstrated a strong grade at depth, which required further infill drilling.

During the **December 2017 quarter**, the Group announced updated resources for the M1 South and M5 deposits, which included an additional 36,000m of RC and Diamond drilling following the February 2017 Mineral Resource Estimate ("MRE"). Most of this drilling was directed at infilling and extending very high-grade gold mineralisation at the M1 South deposit and at the southern end of the M5 deposit.

The M1 South resource was separated into open-pit and underground categories, at 0.5 g/t Au and 3 g/t Au cut-off grades respectively, based on some feasibility study work in progress. The development plan being contemplated envisaged an open-pit to approximately 120m, below which it was proposed the deposit would be extracted by conventional underground mining methods. The October MRE for M1 South included combined open-pit (0.5 g/t Au cut-off) and underground (3g/t Au cut-off) Indicated Resources of 1.2Mt grading 14.4 g/t Au for 556,000 ounces of gold and Inferred Resources of 0.41t at 14.4 g/t Au for 191,000 ounces gold . The total Indicated Resource represented a 150% increase in ounces and a 100% increase in grade over the February 2017 Indicated Mineral Resource (0.96Mt at 7.2 g/t Au for 224,000 ounces gold at 0.5 g/t Au cut-off).

At M5, additional drilling primarily targeted the southern 1km of the deposit, which exhibited generally higher grades than the central and northern portions. The October MRE for Indicated Mineral Resources at M5 was 35.9Mt grading 1.3 g/t Au for 1.46Moz gold, which was a 40% increase in indicated resources and a 7% increase in grade compared to the February 2017 Indicated MRE (27.7Mt at 1.2 g/t Au for 1.05Moz gold).

During the **March 2018 quarter** work continued on the Updated feasibility study for the Sanbrado Gold Project . Continued high-grade results from depth at M1 South were encountered with the drilling program completed which had targeted the upgrade of Inferred resources at 300m to 500m depth. Four drill rigs were used on-site and were double shifting, infilling and extending mineralisation. Given M1 South remained fertile and open at depth with significant results returned from +500m .

Excellent metallurgical test work results were obtained from M1 South with average recoveries of 96.8% and gravity recoveries of up to 66%, averaging 44%. Rapid leach times were achieved with leaching completed within 24 hours for all samples

Deep drilling continued at M5 with returns including 11m at 4.5 g/t Au within 26m at 3.0g/t Au from 454m.

During the **June 2018 quarter** the Company completed the updated feasibility study for the Sanbrado Gold Project and announced an updated mineral resource estimate, which included 2.35Moz gold in Indicated Resources and 0.55Moz gold in Inferred Resources .

With the project now fully permitted and the environmental approval received from the Burkina Faso Ministry of the Environment, Green Economy and Climate Change and the updated mining permit granted, which approved changes to CIL processing and including underground mining , discussions with project lenders were progressed with the expectation of a debt package being in place by the end of Q4 2018. Early construction works commenced, including commencement of a water storage pit for construction and constuction of the mine camp.

Infill drilling at M1 South continued to confirm the continuity of high-grade mineralisation and at the M5 Deposit, drilling targeted higher grade mineralisation in the southern portion with encouraging results.

Future Business Strategy

The Company's future business strategy includes:

Project Finance

- Project finance process underway
- Strong interest from international resource banks, debt funds and royalty companies
- Targeting conventional project finance, expect to appoint banking syndicate by Q4 2018

Early Works

- Water storage pit c.150,000m3, upgrade of site access completed August 2018
- Box cut and portal for underground access to start October 2018
- Stage 1, 70 man camp to be installed in October 2018

Project Optimisation

- Optimisation of process plant and increase throughput to 2.5Mtpa blended oxide-fresh
- Aiming to reduce FS mine schedule from 11 years to c. 8 years
- Targeting completion by Q1 2019

Resource and Reserve Updates

- Continue drilling and infilling M1 South beneath existing reserves 1,500oz/vm at AISC US$525
- Optimize M5 open pit, targeting 10 – 15% increase in open pit reserves
- Resources and reserves update Q1 2019

Regional Exploration

- Exploration review underway, targeting upside with 25km distance from SGP
- Review Sartenga Bornite Project (70Mt 174Kt Cu, 0.7Moz Au, 11Kt Mo 2.5Moz Ag Inferred Resource)
- Plan to follow-up at Sartenga Gold Zone including 20m at 2.5g/t Au from 36m

Significant changes in the state of affairs

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

Significant events after balance date

There has not been any matter or circumstance 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:

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

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

This report outlines the remuneration arrangements in place for 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 2018 is detailed below.

B. Details of remuneration for the year ended 30 June 2018

		Short term benefits		Post-employment benefits	Share based payments	Total	%	%
		Cash salary and Fees (paid/payable)	Bonus	Super-annuation	Share Options		Performance related	Remunerations consisting of options
Directors								
Mark Connelly	**2018**	**65,000**	**25,000**	**-**	**41,767**	**131,767**	**19%**	**32%**
	2017	65,000	-	-	41,767	106,767	0%	39%
Richard Hyde	**2018**	**300,000**	**125,000**	-	**125,056**	**550,056**	**23%**	**23%**
	2017	300,000	-	-	44,800	344,800	0%	13%
Simon Storm	**2018**	**78,879**	**25,000**	-	**36,126**	**140,005**	**18%**	**26%**
	2017	65,000	-	-	-	65,000	0%	0%
Ian Kerr[1]	**2018**	**-**	**-**	-	**-**	**-**	**0%**	**0%**
Executive								
Lyndon Hopkins[2]	**2018**	**225,237**	**30,000**	**24,248**	**27,189**	**306,674**	**10%**	**9%**
	2017	115,371	-	10,960	**-**	126,331	0%	0%
Padraig O'Donoghue[3]	**2018**	**15,753**	**-**	**1,497**	**-**	**17,250**	**0%**	**0%**
Total	**2018**	**684,869**	**205,000**	**25,745**	**230,138**	**1,145,752**	**18%**	**20%**
	2017	545,371	-	10,960	86,567	642,898	0%	13%

[1] Ian Kerr was appointed on 28 June 2018
[2] Lyndon Hopkins was appointed on 1 December 2016
[3] Padraig O'Donoghue was appointed on 4 June 2018

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 (2017: $25,000)

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 spent by Mr Storm each month exceeds 20 hours. 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.

The Company has entered into an employment contract with Padraig O'Donoghue as Chief Financial Officer. His remuneration is $230,000 per annum inclusive of superannuation. Mr O'Donoghue is entitled to be paid in cash short term incentives of up to 30% of total fixed remuneration based on the achievement of pre-determined financial performance hurdles plus key performance indicators. Mr O'Donoghue commenced employment on 5 June 2018 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-18	Balance at beginning of period 1 Jul 2017	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 Jun 2018	Vested at 30 June 2018	
						Total	Not Exercisable
Directors							
Mark Connelly	3,000,000		-	-	3,000,000	3,000,000	3,000,000
Richard Hyde	4,000,000	2,000,000	(2,000,000)	(2,000,000)	2,000,000	2,000,000	2,000,000
Simon Storm	-	-	-	750,000	750,000	750,000	750,000
Ian Kerr[1]	-	-	-	-	-	-	-
Executive							
Lyndon Hopkins	750,000	-	-	500,000	1,250,000	1,250,000	1,250,000
Padraig O'Donoghue[2]	-	-	-	-	-	-	-
Total	**7,750,000**	**2,000,000**	**(2,000,000)**	**(750,000)**	**7,000,000**	**7,000,000**	**7,000,000**

[1] appointed 28 June 2018. Subject to shareholder approval, Mr Kerr will participate in the Company's employee share option plan and has been offered 500,000 options which will vest on production of gold from the Sanbrado Gold Project and be exercisable within three years from issue date at an exercise price of 32 cents.

[2] appointed 4 June 2018

Shares issued on Exercise of Compensation Options

On 20 February 2018, 2,000,000 shares were issued on exercise of compensation options. (30 June 2017: Nil).

E. Share holdings of Key Management Personnel

30-Jun-18	Balance at beginning of period 1 July 2017	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2018
Directors					
Mark Connelly	-	-	-	-	-
Richard Hyde	16,280,769	-	2,000,000	-	18,280,769
Simon Storm	3,090,769	-	-	-	3,090,769
Ian Kerr[1]	-	-	-	-	-
Executive					
Lyndon Hopkins	1,750,154	-	-	249,846	2,000,000
Padraig O'Donoghue[2]	-	-	-	-	-
Total	**21,121,692**	**-**	**2,000,000**	**249,846**	**23,371,538**

[1] appointed 28 June 2018

[2] appointed 4 June 2018

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

A loan for $290,000 has been provided to Richard Hyde during the year to exercise 2,000,000 options at 14.5 cents. The loan advance charges interest at 5.5% per annum and will mature on 31 December 2018. At year end, the balance due is $295,682.

G. Transactions with KMP

	Consolidated	
	2018 $	2017 $
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 $8,780 (2017: $8,694)	**52,414**	44,022
The Managing Director has received financial assistance of $290,000 to fund the exercise of 2,000,000 options at 14.5 cents. The loan advance was provided on arms length terms of interest at 5.5% and with the maturity date being 31 December 2018 (2017: $Nil)	**295,682**	-
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 $3,960 (2017: $Nil)	**21,120**	25,485
The Chairman, Mr Connelly was a director of Ausdrill Ltd (resigned June 2018) which through its wholly owned subsidiary, African Mining Services Burkina Faso SARL, has provided exploration drilling services to Societe des mines de Sanbrado SA, Wura Resources SARL and 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 $731,952 (2017: $20,184)	**2,374,764**	1,814,678
	2,743,980	1,884,185

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 report 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	10,550,000	-	2,000,000
Simon Storm	-	3,090,769	750,000	-
Ian Kerr	-	-	-	-

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	8	8	2	2
Richard Hyde	8	8	2	2
Simon Storm	8	8	2	2
Ian Kerr	0	0	0	0
A - meetings attended				
B - meetings held whilst a director				

In addition, 1 circular resolution 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	Expiry date	Number of Options
01-Dec-15	0.15	01-Dec-18	2,000,000
03-Jun-16	0.10	03-Jun-19	1,000,000
03-Jun-16	0.15	03-Jun-19	1,000,000
06-Jun-16	0.085	06-Jun-19	5,000,000
21-Mar-17	0.24	21-Mar-20	400,000
12-May-17	0.24	12-May-20	500,000
24-Jul-17	0.32	24-Jul-19	1,078,125
18-Oct-17	0.375	18-Oct-20	750,000
03-Nov-17	0.24	09-Nov-20	2,750,000
29-Mar-18	0.41	29-Mar-21	1,250,000
Total			**15,728,125**

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	
	2018 $	2017 $
The auditor of West African Resources Limited is HLB Mann Judd.		
Audit or review of the financial statements	**28,000**	27,250
	28,000	27,250
Amounts received or due and receivable by non HLB Mann Judd audit firms		
Audit or review of the financial statements	**14,217**	-
Certification of expenditure	**-**	22,380
	14,217	22,380

Signed in accordance with a resolution of the directors.

Richard Hyde
Director
Perth, 25 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue from continuing operations	**2(a)**	**460,615**	256,663
Foreign exchange gain	**2(a)**	**324,858**	210,402
Regulatory and compliance expense		**(215,102)**	(262,500)
Office expense		**(360,357)**	(219,472)
Depreciation expense	**2(b)**	**(95,106)**	(72,966)
Personnel expense		**(722,025)**	(479,791)
Travel and accommodation expense		**(188,159)**	(116,718)
Property expense		**(47,834)**	(94,886)
Consulting fee expense		**(753,886)**	(511,373)
Auditors' fees		**(78,942)**	(32,837)
Directors' fees		**(242,351)**	(65,314)
Share based payments	**20**	**(296,899)**	(141,531)
Exploration related costs	**2(b)**	**(20,001,564)**	(10,556,409)
Feasibility and scoping studies	**2(b)**	**(1,796,102)**	(2,264,305)
Impairment of other receivables	**7**	**(1,583,645)**	-
Interest expense		**(5,874)**	(90,585)
Loss before tax		**(25,602,373)**	(14,441,622)
Income tax benefit	**3**	**301,679**	117,727
Loss after tax		**(25,300,694)**	(14,323,895)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**(74,211)**	(39,184)
Other comprehensive loss, net of income tax		**(74,211)**	(39,184)
Total comprehensive loss for the half-year attributable to the owners of West African Resources Limited		**(25,374,905)**	(14,363,079)
Loss per share for loss attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)	**4**	**(4.3)**	(3.0)

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

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
CURRENT ASSETS			
Cash and cash equivalents	**6**	**42,565,271**	10,549,950
Trade and other receivables	**7**	**712,921**	339,213
Financial assets	**8**	**37,060**	36,156
Total Current Assets		**43,315,252**	10,925,319
NON-CURRENT ASSETS			
Property, plant & equipment	**9**	**374,126**	126,302
Total Non-Current Assets		**374,126**	126,302
TOTAL ASSETS		**43,689,378**	11,051,621
CURRENT LIABILITIES			
Trade and other payables	**10**	**4,396,969**	1,970,499
Total Current Liabilities		**4,396,969**	1,970,499
TOTAL LIABILITIES		**4,396,969**	1,970,499
NET ASSETS		**39,292,409**	9,081,122
EQUITY			
Issued capital	**11**	**120,814,783**	65,669,714
Reserves	**12**	**6,654,860**	6,287,948
Accumulated losses		**(88,177,234)**	(62,876,540)
TOTAL EQUITY		**39,292,409**	9,081,122

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
		Inflows/(Outflows)	
Cash Flows from Operating Activities			
Payments to suppliers		**(1,829,731)**	(1,408,442)
Payments to employees		**(737,840)**	(492,872)
Exploration related expenditure		**(19,478,773)**	(9,886,722)
Feasibility and scoping expenditure		**(1,644,131)**	(2,397,087)
Purchase of prospects and investments		**-**	(24,229)
Interest received		**347,269**	257,753
Finance costs		**(4,763)**	(375,914)
Other - R&D tax offset		**301,679**	117,727
Net cash outflow from operating activities	**6(ii)**	**(23,046,290)**	(14,209,786)
Cash Flows from Investing Activities			
Payments for plant and equipment		**(316,230)**	(121,411)
Net cash outflow from investing activities		**(316,230)**	(121,411)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**52,338,426**	21,476,875
Proceeds from exercise of share options		**5,773,831**	-
Payments for share issue costs		**(3,112,964)**	(1,383,991)
Repayment of convertible note facility		**-**	(6,756,756)
Net cash inflow from financing activities		**54,999,293**	13,336,128
Net increase / (decrease) in cash held		**31,636,773**	(995,069)
Cash at the beginning of the financial period		**10,549,950**	11,376,615
Effect of exchange rate changes on the balance of cash held in foreign currencies		**378,548**	168,404
Cash at the end of the financial period	**6**	**42,565,271**	10,549,950

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated				
	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	$	$	$	$	$
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
Balance at 1 July 2017	**65,669,714**	**(62,876,540)**	**26,562**	**6,261,386**	**9,081,122**
Loss after tax	**-**	**(25,300,694)**	**-**	**-**	**(25,300,694)**
Other comprehensive income for the year	**-**	**-**	**(74,211)**	**-**	**(74,211)**
Total comprehensive loss for the year	**-**	**(25,300,694)**	**(74,211)**	**-**	**(25,374,905)**
Shares issued during the year net of transaction costs	**55,145,069**	**-**	**-**	**-**	**55,145,069**
Share based payments	**-**	**-**	**-**	**441,123**	**441,123**
Balance at 30 June 2018	**120,814,783**	**(88,177,234)**	**(47,649)**	**6,702,509**	**39,292,409**

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

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

Separate financial statements for West African Resources Limited, an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. However, required financial information for West African Resources Limited as an individual entity is included in Note 21.

(b) Adoption of new and revised standards

In the year ended 30 June 2018, 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 2018. As a result of this review the Directors have determined that there is no material impact 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 25 September 2018.

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

(d) Principles of Consolidation

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

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

(e) Cash and cash equivalents

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

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

(f) Income Tax

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

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

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

(g) Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the 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 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 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, West African Resources Development SARL, Tanlouka SARL and Societe des Mines de Sanbrado SARL is the Communaute Financiere Africaine Franc (CFA). The functional currency of the foreign subsidiary, Channel Resources Ltd is the Canadian Dollar (CAD). The functional currency of the foreign subsidiaries, Channel Resources (Cayman I) Ltd and Channel Resources (Cayman II) Ltd is the United States Dollar (USD).

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

(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 21 has been prepared on the same basis as the Group.

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2018 $	2017 $
(a) Revenue		
Interest received	**460,615**	256,663
Net foreign exchange gain	**324,858**	210,402
	785,473	467,065
(b) Expenses		
Depreciation of non-current assets	**95,106**	72,966
Exploration expenditure		
Exploration related costs	**20,001,564**	10,556,409
Feasibility and scoping studies	**1,796,102**	2,264,305
	21,797,666	12,820,714

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	
	2018 $	2017 $
Accounting loss before tax	**(25,602,373)**	(14,441,622)
Income tax benefit at 27.5% (2017:30%)	**7,040,653**	4,332,487
Non-deductible expenses:		
Foreign exchange gain	**147,197**	28,170
Share based payments	**(81,647)**	(42,459)
Impairment of other receivables	**(435,502)**	-
Other non deductible expenses	**(1,129)**	(862)
Temporary differences not recognised	**260,272**	345,843
Income tax benefit not recognised	**(6,614,844)**	(4,286,079)
Accounting expenditure subject to R&D tax incentive	**(315,000)**	(377,100)
R&D tax incentive	**301,679**	117,727
Income tax benefit attributable to loss from ordinary activities before tax	**301,679**	117,727

NOTE 3: INCOME TAX (CONTINUED)

	Consolidated	
	2018 $	2017 $
Unrecognised deferred tax balances		
Tax losses attributable to members of the group - revenue	**75,413,992**	54,242,640
Potential tax benefit at 27.5% (2017: 30%)	**20,738,848**	16,272,792
Deferred tax asset asset not booked		
Amounts recognised in profit & loss:		
-accrued expenses	**553,184**	48,277
-share issue costs	**1,040,325**	685,551
Net unrecognised deferred tax asset at 27.5% (2017: 30%)	**22,332,357**	17,006,620

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	
	2018 Cents	2017 Cents
Basic and diluted loss per share (cents per share)	**(4.3)**	(3.0)
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	**(25,300,694)**	(14,323,895)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	**583,840,378**	473,135,959

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.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated 2018 $	Consolidated 2017 $
Cash at bank and in hand	**1,373,043**	2,050,408
Short-term deposits	**41,192,228**	8,499,542
	42,565,271	10,549,950

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

Short-term deposits are made for varying periods of between one day and four months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

	Consolidated 2018 $	Consolidated 2017 $
(i) Reconcilation to Statement of Cash Flows		
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.		
Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	**42,565,271**	10,549,950
(ii) Reconciliation of loss after income tax to net cash flows from operating activities:		
Loss after income tax	**(25,300,694)**	(14,323,895)
Depreciation	**95,106**	72,966
Share based payments	**296,899**	141,531
Foreign exchange (gain)/loss	**(324,858)**	(210,402)
Impairment of non current assets	**1,583,645**	-
	(23,649,902)	(14,319,800)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(1,161,036)**	(42,058)
(Increase)/decrease in Financial assets	**-**	(1,000)
(Decrease)/Increase in trade and other payables	**1,764,648**	438,401
(Decrease)/Increase in borrowings	**-**	(285,329)
		.
Net cash (outflow) from operating activities	**(23,046,290)**	(14,209,786)

(iii) Changes in liabilities arising from financing activities

	Consolidated Convertible Note $	Consolidated Total $
Balance at 1 July 2016	6,756,756	6,756,756
Net cash from (used in) financing activities	(6,756,756)	(6,756,756)
Balance at 30 June 2017	**-**	-
Balance at 1 July 2017	-	-
Net cash from (used in) financing activities	-	-
Balance at 30 June 2018	**-**	-

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018 $	2017 $
Current		
Prepayments	**3,745**	6,617
Other receivables	**1,997,139**	332,596
Loan to Director	**295,682**	-
Allowance for impairment	**(1,583,645)**	**-**
	712,921	339,213

The Group has VAT receivable of $1.6 million from the revenue authorities in Burkina Faso. An allowance for impairment for this amount has been made and there is ongoing dialogue with the authorities to fully recover this amount.

	Consolidated	
	2018 $	2017 $
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	**-**	-
Impairment losses recognised on receivables	**(1,583,645)**	**-**
Balance at the end of the year	**(1,583,645)**	-

	Consolidated	
	2018 $	2017 $
Ageing of past due but not impaired		
30 - 60 days	**413,494**	332,596
60 - 90 days	**-**	-
90 - 120 days	**295,682**	-
Total	**709,176**	332,596

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated	
	2018 $	2017 $
Current		
Term deposit	**37,060**	36,156
	37,060	36,156

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group				
	Buildings $	Office Equipment $	Plant & Equipment $	Motor Vehicles $	Total $
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
Year ended 30 June 2018					
At 1 July 2017, net of accumulated depreciation	**1,623**	**20,915**	**100,563**	**3,201**	**126,302**
Effects of movement in foreign exchange	**(481)**	**1,198**	**4,698**	**146**	**5,561**
Additions	**145,720**	**542**	**188,878**	**2,229**	**337,369**
Depreciation charge for the year	**(23,394)**	**(4,476)**	**(65,022)**	**(2,214)**	**(95,106)**
At 30 June 2018, net of accumulated depreciation	**123,468**	**18,179**	**229,117**	**3,362**	**374,126**
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
At 30 June 2018					
Cost	**185,035**	**218,832**	**1,645,420**	**855,852**	**2,905,139**
Accumulated depreciation	**(61,567)**	**(200,653)**	**(1,416,303)**	**(852,490)**	**(2,531,013)**
Net carrying amount	**123,468**	**18,179**	**229,117**	**3,362**	**374,126**

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

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated	
	2018 $	2017 $
Current		
Trade payables	**3,969,037**	1,811,176
Accruals	**311,444**	80,484
Other payables	**116,488**	78,839
	4,396,969	1,970,499

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11: ISSUED CAPITAL

	Consolidated 2018 $	Consolidated 2017 $
690,824,727 (30 June 2017: 484,248,253) fully paid ordinary shares	**120,814,783**	65,669,714

(a) Shares

(i) Ordinary shares - number	Consolidated 2018 No.	Consolidated 2017 No.
At start of period	**484,248,253**	408,873,253
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
Issue of shares 26 July 2017	**53,906,250**	-
Issue of shares 23 August 2017[1]	**40,545,224**	-
Issue of shares 20 February 2018[1]	**500,000**	-
Issue of shares 20 February 2018[1]	**2,000,000**	-
Issue of shares 15 May 2018	**109,375,000**	-
Issue of shares 15 May 2018[1]	**250,000**	-
Balance at 30 June 2018	**690,824,727**	484,248,253

(ii) Ordinary shares – value	Consolidated Year ended 2018 $	Consolidated Year ended 2017 $
At start of period	**65,669,714**	45,556,946
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
Issue of shares 26 July 2017	**17,338,426**	-
Issue of shares 23 August 2017[1]	**5,676,331**	-
Issue of shares 20 February 2018[1]	**72,500**	-
Issue of shares 20 February 2018[1]	**290,000**	-
Issue of shares 15 May 2018	**35,000,000**	-
Issue of shares 15 May 2018[1]	**25,000**	-
Share issue costs	**(3,257,188)**	(1,364,107)
Balance at 30 June 2018	**120,814,783**	65,669,714

[1] Share issued on exercise of options

NOTE 11: ISSUED CAPITAL CONTINUED

(b) Options

	Consolidated	
	2018 No.	2017 No.
At start of period	**57,263,974**	65,709,873
Issue of options 21 March 2017	**-**	400,000
Issue of options 12 May 2017	**-**	875,000
Issue of options 24 July 2017	**1,078,125**	-
Issue of options 18 October 2017	**750,000**	-
Issue of options 3 November 2017	**2,750,000**	-
Issue of options 29 March 2018	**1,250,000**	-
Exercise of options	**(43,295,224)**	(5,375,000)
Expiry of options	**(3,818,750)**	(4,345,899)
Balance at 30 June 2018	**15,978,125**	57,263,974

Refer to Note 20 for Option expiry dates.

(c) Warrants

	Consolidated	
	2018 No.	2017 No.
At start of period	**-**	14,918,508
Expiry of warrants	**-**	(14,918,508)
Balance at 30 June 2018	-	-

NOTE 12: RESERVES

	Consolidated	
	2018 $	2017 $
Reserves	**6,654,860**	6,287,948

Reserves comprise the following:

Foreign Currency Translation Reserve

	2018	2017
At start of period	**26,562**	65,746
Currency translation differences	**(74,211)**	(39,184)
Balance at 30 June 2018	**(47,649)**	26,562

Share Based Payments Reserve

	2018	2017
At start of period	**6,261,386**	6,119,855
Options issued - share based payment expense	**296,899**	141,531
Options issued - share issue costs	**144,224**	-
Balance at 30 June 2018	**6,702,509**	6,261,386

NOTE 12: RESERVES CONTINUED

Nature and purpose of reserves

Foreign currency translation reserve

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

Shared Based Payments reserve

The Shared Based Payments reserve is used to recognise the fair value of options issued to Directors, employees and other suppliers or consultants but not exercised.

NOTE 13: FINANCIAL INSTRUMENTS

Consolidated			Fixed Interest Rate Maturing				
30-Jun-18	Weighted Average Effective Interest Rate	Floating Interest Rate $	Within Year $	1 to 5 Years $	Over 5 Years $	Non-interest bearing $	Total $
Financial Assets:							
Cash & cash equivalents	**2.0%**	**1,373,043**	**41,132,768**	**-**	**-**	**59,460**	**42,565,271**
Trade and other receivables	**5.5%**	**-**	**295,682**	**-**	**-**	**417,239**	**712,921**
Financial Assets	**2.7%**	**-**	**37,060**	**-**	**-**	**-**	**37,060**
Total Financial Assets		**1,373,043**	**41,465,510**	**-**	**-**	**476,699**	**43,315,252**
Financial Liabilities:							
Trade and other payables		**-**	**-**	**-**	**-**	**4,396,969**	**4,396,969**
Total financial liabilities		**-**	**-**	**-**	**-**	**4,396,969**	**4,396,969**

Consolidated			Fixed Interest Rate Maturing				
30-Jun-17	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	2.5%	-	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

NOTE 14: EXPENDITURE COMMITMENTS AND CONTINGENCIES

	Consolidated	
	2018 $	2017 $
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	**683,843**	704,736
- between 12 months and 5 years	**833,045**	4,640,190
- greater than 5 years	**-**	680,901
	1,516,888	6,025,827

Other Contingencies

From time to time the authorities in Burkina Faso are known to lodge claims with various exploration companies operating in Burkina Faso for withholding taxes on payments of various non-resident service providers and the regulation of the contracts of expatriate staff in accordance with taxation regulations in force. Whilst the Company believes it has complied with local regulations, some aspects of the regulations are open to interpretation. The Company has not received any formal claim and in the event of one being received, the effect, if any, that these claims will have, or which future claims will have on the consolidated entity's operations in Burkina Faso is not yet known. Against this backdrop the Group has a fully provisioned amount of approximately $1.6 million (Note 7) in value added tax ("VAT") which is recoverable from the revenue authorities in Burkina Faso and at the date of this report ongoing dialogue is being maintained with the authorities to fully recover this amount.

NOTE 15: RELATED PARTY DISCLOSURE

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

		Percentage Owned	
Controlled entities	Country of incorporation	2018 %	2017 %
Parent Entity:			
West African Resources Ltd	Australia		
Subsidiaries of West African Resources Ltd:			
Wura Resources Pty Ltd SARL	Burkina Faso	**100**	100
West African Resources Development SARL	Burkina Faso	**100**	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 [1]	Burkina Faso	**90**	90

[1] 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.

NOTE 15: RELATED PARTY DISCLOSURE CONTINUED

Amounts owed by / (to) Related Parties	Consolidated 2018 $	Consolidated 2017 $	Parent Entity 2018 $	Parent Entity 2017 $
Subsidiaries				
Wura Resources Pty Ltd SARL	**-**	**-**	**21,813,749**	21,523,468
Societe des Mines de Sanbrado SA	**-**	**-**	**18,947,343**	1,559,031
West African Resources Development SARL			**497,279**	356,353
Tanlouka SARL	**-**	**-**	**15,791,308**	14,411,843
Channel Resources (Cayman II) Ltd	**-**	**-**	**12,627**	-
Channel Resources Ltd	**-**	**-**	**(13,533)**	-
Total	**-**	**-**	**57,048,773**	37,850,695
Provision for impairment	**-**	**-**	**(57,053,294)**	(37,850,695)
	-	**-**	**(4,521)**	-
Amounts payable to Directors for Directors' Fees (including GST)	**16,250**	**16,250**	**16,250**	16,250
Amounts payable to Directors for Consulting Fees (including GST)	**37,158**	**33,786**	**37,158**	33,786

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

NOTE 16: SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not been any matter or circumstance 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 17: AUDITORS' REMUNERATION

	Consolidated 2018 $	Consolidated 2017 $
The auditor of West African Resources Limited is HLB Mann Judd.		
Audit or review of the financial statements	**28,000**	27,250
	28,000	27,250
Amounts received or due and receivable by non HLB Mann Judd audit firms		
Audit or review of the financial statements	**14,217**	-
Certification of expenditure	**-**	22,380
	14,217	22,380

NOTE 18: 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)
Ian Kerr	Director (non-executive), appointed 28 June 2018

Other

Lyndon Hopkins	Chief Operating Officer
Padraig O’Donoghue	Chief Financial Officer, appointed 4 June 2018

(b) Compensation of Key Management Personnel

	Consolidated	
	2018 $	2017 $
Short-term employee benefits	**889,869**	545,371
Post-employment benefits	**25,745**	10,960
Share-based payments	**230,138**	86,567
	1,145,752	642,898

(c) Compensation by category of Key Management Personnel for the year ended 30 June 2018

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 and to the Chief Financial Officer, details of which are included in the Remuneration Report in the Directors’ Report.

NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES CONTINUED

(d) Other transactions and balances with Key Management Personnel

	Consolidated	
	2018 $	2017 $
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 $8,780 (2017: $8,694)	**52,414**	44,022
The Managing Director has received financial assistance of $290,000 to fund the exercise of 2,000,000 options at 14.5 cents. The loan advance was provided on arms length terms of interest at 5.5% and with the maturity date being 31 December 2018 (2017: $Nil)	**295,682**	-
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 $3,960 (2017: $Nil)	**21,120**	25,485
The Chairman, Mr Connelly was a director of Ausdrill Ltd (resigned June 2018) which through its wholly owned subsidiary, African Mining Services Burkina Faso SARL, has provided exploration drilling services to Societe des mines de Sanbrado SA, Wura Resources SARL and 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 $731,952 (2017: $20,184)	**2,374,764**	1,814,678
	2,743,980	1,884,185

NOTE 19: FINANCIAL RISK MANAGEMENT

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

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

The Group held the following financial instruments:

	Consolidated	
	2018 $	2017 $
Financial assets		
Cash and cash equivalents	**42,565,271**	10,549,950
Trade and other receivables	**712,921**	339,213
Financial Assets	**37,060**	36,156
	43,315,252	10,925,319
Financial liabilities		
Trade and other payables	**(4,396,969)**	(1,970,499)
	(4,396,969)	(1,970,499)

(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 2018, the Consolidated entity's deposits at variable rates were denominated in Australian Dollars.

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

	2018 Weighted average interest rate %	Balance $	2017 Weighted average interest rate %	Balance $
Deposits and Cash at Bank		**42,512,763**		9,588,487
Net exposure to cash flow interest rate risk	2.0%	**42,512,763**	1.7%	9,588,487

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 2018, if interest rates had been 50 basis points higher or lower and all other variables were 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.

NOTE 19: 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 2018 and 30 June 2017, 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:

	2018 $	2017 $
Financial assets		
Cash and cash equivalents	**1,464,056**	3,565,926
Trade and other receivables	**1,748,529**	249,514
	3,212,585	3,815,440
Financial liabilities		
Trade and other payables	**3,330,260**	856,183
	3,330,260	856,183

At 30 June 2018 and 30 June 2017, had the Australian Dollar moved by up or down by 10% against the USD, CFA, CAD or EURO, with all other variables held constant, post tax profit and equity would have not been materially affected.

(b) Credit risk

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

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.

NOTE 19: FINANCIAL RISK MANAGEMENT CONTINUED

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

Year ended 30 June 2018	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	**42,565,271**	**-**	**-**	**-**	**42,565,271**
Trade & other receivables	**712,921**	**-**	**-**	**-**	**712,921**
Financial Assets	**37,060**	**-**	**-**	**-**	**37,060**
	43,315,252	**-**	**-**	**-**	**43,315,252**
Financial liabilities					
Trade & other payables	**(4,396,969)**	**-**	**-**	**-**	**(4,396,969)**
	(4,396,969)	**-**	**-**	**-**	**(4,396,969)**
Net maturity	**38,918,283**	**-**	**-**	**-**	**38,918,283**

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
	10,925,319	-	-	-	10,925,319
Financial liabilities					
Trade & other payables	(1,970,499)	-	-	-	(1,970,499)
	(1,970,499)	-	-	-	(1,970,499)
Net maturity	8,954,820	-	-	-	8,954,820

NOTE 20: SHARE BASED PAYMENTS

Set out below is a summary of the options granted by the Group during the 2017 and 2018 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 2018					
Number	Grant Date	Expiry date	Exercise price	Fair value at grant date	Vesting date
1,078,125	24-Jul-17	24-Jul-19	$0.3224	$0.13	24-Jul-17
750,000	18-Oct-17	18-Oct-20	$0.3750	$0.12	First gold production
2,750,000	09-Nov-17	09-Nov-20	$0.2400	$0.14	First gold production
1,250,000	29-Mar-18	29-Mar-21	$0.4100	$0.11	First gold production

Unlisted Options - 30 June 2018						
Grant Date	Dividend yield	Expected Volatility	Risk-free interest rate	Expected life of option	Exercise price	Share price on grant date
24-Jul-17	0%	63%	2.00%	2 years	$0.3224	$0.35
18-Oct-17	0%	58%	1.54%	3 years	$0.3750	$0.40
09-Nov-17	0%	58%	2.19%	3 years	$0.2400	$0.38
29-Mar-18	0%	45%	2.19%	3 years	$0.4100	$0.38

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

Expenses arising from share-based payment transactions:

	Consolidated	
	2018 $	2017 $
Share based payments to Directors	**202,949**	86,567
Share based payments to employees	**80,292**	27,647
Share based payments to third party	**13,658**	27,317
	296,899	141,531

NOTE 21: PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	2018 $	2017 $
CURRENT ASSETS		
Cash and cash equivalents	**41,478,756**	8,819,354
Trade and other receivables	**547,422**	52,392
Financial assets	**37,060**	36,156
Total Current Assets	**42,063,238**	8,907,902
NON-CURRENT ASSETS		
Financial assets	**8,106**	12,789
Total Non-Current Assets	**8,106**	12,789
TOTAL ASSETS	**42,071,344**	8,920,691
CURRENT LIABILITIES		
Trade and other payables	**1,222,229**	1,112,786
Total Current Liabilities	**1,222,229**	1,112,786
TOTAL LIABILITIES	**1,222,229**	1,112,786
NET ASSETS	**40,849,115**	7,807,905
EQUITY		
Issued capital	**120,814,783**	65,669,714
Reserves	**6,702,509**	6,261,386
Accumulated losses	**(86,668,177)**	(64,123,195)
TOTAL EQUITY	**40,849,115**	7,807,905
Loss before income tax expense	**(22,846,661)**	(16,244,127)
Income tax benefit	**301,679**	117,727
Total comprehensive loss	**(22,544,982)**	(16,126,400)

Guarantees, Commitments and Contingencies

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

Directors' Declaration

1. In the opinion of the Directors:

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

   (i) giving a true and fair view of the Group's financial position as at 30 June 2018 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 2018.

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

RHyde

Richard Hyde
Director

25 September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2018, 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.

Perth, Western Australia	**N G Neill**
25 September 2018	**Partner**

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

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HLB Mann Judd

Accountants | Business and Financial Advisers

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 2018, 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, and 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 2018 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.

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 2018, 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 2018.

In our opinion, the Remuneration Report of West African Resources Limited for the year ended 30 June 2018 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

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
25 September 2018

Norman Glad

N G Neill
Partner

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 2018

(a) Distribution of shares

The numbers of shareholders, by size of holding are:

Category (size of holding)	Number of Holders
1 - 1,000	92
1,001 - 5,000	244
5,001 - 10,000	256
10,001 - 100,000	759
100,001 - and over	353
	1,704

The number of shareholdings held in less than marketable parcels is 132.

(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	148,450,797	21.49%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	68,516,509	9.92%
3	CDS & CO	63,902,534	9.25%
4	CITICORP NOMINEES PTY LIMITED	39,375,612	5.70%
5	ZERO NOMINEES PTY LTD	23,750,000	3.44%
6	NATIONAL NOMINEES LIMITED	19,749,522	2.86%
7	STICHTING LICHFIELD US <A/C 051 52041 9>	13,250,000	1.92%
8	BOSTON FIRST CAPITAL PTY LTD	11,577,078	1.68%
9	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD	11,148,814	1.61%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	10,171,751	1.47%
11	ALOHA INVESTMENTS PTY LTD <ALOHA INVESTMENT A/C>	10,550,000	1.53%
12	MR RICHARD HYDE	7,730,769	1.12%
13	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	7,090,031	1.03%
14	AMP LIFE LIMITED	6,070,030	0.88%
15	MR WILLIAM BOOTH	5,464,913	0.79%
16	MR FRANCIS ROBERT HAWDON HARPER	5,450,464	0.79%
17	CEDE & CO	5,115,106	0.74%
18	EXPLORATION CAPITAL PARTNERS 2014 LIMITED	4,806,250	0.70%
19	MR GRAEME JOHN HAINES <G & S HAINES S/F A/C>	4,763,000	0.69%
20	P R PERRY NOMINEES PTY LTD <DONESK FAMILY A/C>	4,603,503	0.67%
		471,536,683	68.26%

(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 603,353,864 shares on the Australian Register on 21 September 2018; and
- Listing has been granted for the ordinary shares (TSX-V code: WAF) of the company on the Toronto Stock Venture Exchange (TSX) with 87,470,863 shares on the Canadian Register on 21 September 2018.

ADDITIONAL INFORMATION

(d) Substantial shareholders

The names of substantial shareholders are:

Shareholder	Number of shares
Mason Hill Advisors, LLC on behalf of itself, Equinox Partners LP, Wilhelmus Henricus Maria Pot and Stichting Lichfield	37,489,559
1832 Asset Mgt (Dynamic Funds)	45,500,000
VanEck Global	40,145,100

(e) Voting rights

All shares carry one vote per unit without restriction.

(f) Unlisted options

15,728,125 options are held by 13 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 25 September 2018

Tenement Name	Registered Holder	% Held	Tenement Number	Grant Date	Expiry Date	Tenement Type	Tenement Area km2	Geographical Location
Damongto	Wura Resources Pty Ltd SARL	100%	No 2018-184/MMC/SG/DGCM	05/09/2018	1/03/2021	EL	26	Ganzourgou Province
Goudré	Wura Resources Pty Ltd SARL	100%	No 2018-186/MMC/SG/DGCM	05/09/2018	23/03/2021	EL	175	Ganzourgou Province
Manesse	Tanlouka SARL	100%	N2017/014/MEMC/SG/DGCMIM	13/01/2017	13/01/2020	EL	90,35	Ganzourgou Province
Sartenga	West African Resources Development SARL	100%	No 2018-190/MMC/SG/DGMC	05/08/2017	04/08/2020	EL	130.7	Namentenga Province
Sondo Sud	West African Resources Development SARL	100%	No 2015 000-154/MME/SG/DGCM	5/06/2015	1/12/2018	EL	18.3	Ganzourgo u Province
Toghin	Wura Resources Pty Ltd SARL	100%	No 17 - 182/MMC/SG/DGCM	18/07/2017	17/07/2020	EL	166	Ganzourgou, Provinces
Vedaga	Wura Resources Pty Ltd SARL	100%	No 17 - 232/MMC/SG/DGCM	18/07/2017	17/07/2020	EL	154.7	Gnagna, Kouritenga Provinces
Bollé	Wura Resources Pty Ltd SARL	100%	No 17 – 223//MMC/SG/DGCM	21/11/2017	20/11/2020	EL	205.5	Ganzourgou Province
Zam Sud	Wura Resources Pty Ltd SARL	100%	No 2018-183/MMC/SG/DGCM	05/09/2018	01/03/2021	EL	17.46	Ganzourgou Province
Sanbrado	Somisa SA (SOCIETE DES MINES DE SANBRADO SA)	90%	Décret No 2017 – 104/PRES/PM/MEMC/MINEFID/MEEVCC Arrêté No 2018-139/MMC/SG/DGMG	13/03/2017	12/03/2024	ML	26	Ganzourgou Province