



2019 ANNUAL REPORT

West African Resources Limited

ABN 70 121 539 375



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CORPORATE INFORMATION

Company

West African Resources Limited

ABN

70 121 539 375

Directors

Richard Hyde (Executive Chairman and CEO)
Lyndon Hopkins (Executive Director and COO)
Mark Connelly (Non-Executive Director)
Simon Storm (Non-Executive Director)
Nigel Spicer (Non-Executive Director)
Rod Leonard (Non-Executive Director)

Company Secretary

Simon Storm

Principal place of business

Level 1, 1 Alvan Street
Subiaco WA 6008 Australia

Registered office

Level 1, 1 Alvan Street
Subiaco WA 6008 Australia
T: +61 (8) 9481 7344

Burkina Faso office

Secteur 27, Quartier Ouayalghin,
Parcelles 07/08, Lot 22, Section SL,
Ouagadougou, Burkina Faso
T: +226 25 36 73 84

Website

www.westafricanresources.com

Share registry

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terraces
Perth WA 6000 Australia
T: 1300 787 272

Solicitors

Australia

Allion Partners
9/863 Hay Street
Perth WA 6000

Canada

Stikeman Elliot
Suite 1700, Park Place
666 Burrard Street
Vancouver BC V6C 2X6

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000 Australia

Security exchange

Australian Securities Exchange Ltd (ASX)
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX trading code

WAF

CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

I am pleased to present the 2019 Annual Report for West African Resources Limited (ASX: WAF) as our Company has just achieved its goal of becoming West Africa's newest gold producer.

Our rapid transformation from small explorer to West African gold producer has been exceptional. We discovered ultra-high-grade gold at the M1 South deposit in 2016; obtained the Mining Permit in 2017; secured project financing in 2018 and commenced construction of Sanbrado in early 2019. It is extremely satisfying to have come this far on the journey of our Company and I look forward to reporting positive profits and operational cash flows over the coming year.

First gold was poured at Sanbrado on 18 March 2020, well ahead of our original schedule and under budget. Such a result is a testament to the talent and dedication of our team in Burkina Faso and Australia. Getting any mining project into development in Africa is not an easy task – achieving it in just four years following the M1 South discovery is rare indeed.

Sanbrado was forecast to be the highest margin gold project under construction in West Africa over the past year, and now it should produce about 300,000 ounces of gold in its first 12 months of operation at the lowest quartile production costs globally. At the prevailing gold price Sanbrado is expected to generate significant cash flows and repay its project debt ahead of schedule. In the coming years we aim to significantly improve the project's production and cost economics, creating further value for our shareholders and stakeholders.

We broke ground to start major works at Sanbrado in January 2019, and our project team, led by Executive Director Lyndon Hopkins and Chief Development Officer Matthew Wilcox, have kept the project on track and on budget. This achievement resoundingly demonstrates the commercial and technical capabilities of West African's team and our determination to deliver on our promises, and do it in an efficient, considered and cost-effective manner.

Although there has been some unrest in Burkina Faso, the area of the country in which West African operates continues to be stable and our progress at Sanbrado has been unimpeded. Our Company remains committed to Burkina Faso and to delivering a project that will provide widespread economic benefits for the Burkina Faso Government, the regional communities, and our other stakeholders.

As the COVID-19 global pandemic has escalated, the gold price has held up very well as a safe haven asset and shareholders can be assured that West African's management and contractors are doing everything possible to maintain gold production at Sanbrado while this global crisis runs its course. I would like to thank our dedicated site team who have committed to keep Sanbrado operating in these uncertain times.

We are also looking ahead to further grow Sanbrado through targeted drilling and exploration. We are confident there is plenty of upside at Sanbrado and in our surrounding project area. We will aim to increase the underground mine life to at least 10 years, to match the open-pit mine plan, by exploring the M1 South gold system where mineralisation remains open at depth to ensure we extract full value from the project.

I would like to thank my fellow Board members for their support through the past year, as well as the whole West African team who have worked tirelessly to achieve our goals. I also thank our shareholders, especially those who have been long-term holders of WAF, for their loyalty and belief that we could deliver on what we set out to do.

It is an exciting time for our Company, and I look forward to our future as a gold producer!

RICHARD HYDE

Executive Chairman

West African Resources Limited

DIRECTORS' REPORT

The Directors present the financial report of West African Resources Limited (the "Company") and its controlled subsidiaries (the "Group", "West African" or "WAF") for year ended 31 December 2019.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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.

CURRENT DIRECTORS



Richard Hyde

**BSc (Geology and Geophysics),
MAusIMM, MAIG**

Executive Chairman and Chief Executive Officer

Richard Hyde is a geologist with 24 years' experience in the mining industry and more than 19 years of experience in West Africa. Richard has managed large exploration and development projects for gold and base metals in Australia, Africa and Eastern Europe. He has led the Company from incorporation in 2006, IPO in 2010 and through the discovery and development of the Sanbrado Gold Project. He has coordinated all of the debt and equity funding for the Company culminating in A\$78m equity and US\$200m in senior debt in 2018 to fully-fund the Sanbrado Gold Project to production. He is Member of the Australian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Hyde is a founding shareholder and commenced as a Director in 2006.

Committee memberships: Technical

Other ASX listed directorship: Nil

Previous ASX listed directorship in the last 3 years: Nil

Interest in shares: 18,280,769

Interest in options: 3,660,899



Lyndon Hopkins

BSc (Geology), MAusIMM, MAIG

Executive Director and Chief Operating Officer

Lyndon Hopkins is a geologist with more than 30 years' experience in gold exploration, development and production. Mr Hopkins was Chief Operating Officer of Equigold NL's Ivory Coast operations and managed the in-country aspects of the project development and feasibility study for the Bonikro Gold Mine which commenced production in 2008. More recently, he was Mine Manager for the construction of Regis Resources Ltd's Rosemont Gold Mine. He has been involved with numerous gold operations in Australia and Africa in various roles with Equigold and Regis.

Mr Hopkins has been West African's Chief Operating Officer since 2015 and joined the Board on 6 September 2019.

Committee memberships: Technical

Other ASX listed directorship: Nil

Previous ASX listed directorship in the last 3 years: Nil

Interest in shares: 3,032,250

Interest in options: 1,516,949



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 17 years he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

Mr Storm joined the Board on 15 November 2007.

Committee memberships: Audit (Chair), Remuneration

Other ASX listed directorship: Nil

Previous ASX listed directorship in the last 3 years: Nil

Interest in shares: 2,590,769

Interest in options: 827,855

**Mark Connelly****BBus, MAICD**

Non-Executive Director

Mark Connelly has more than 30 years of experience in the mining industry and has held senior executive positions with Newmont Mining Corporation and Inmet Mining Corporation. He is the former Managing Director and Chief Executive Officer of Papillon Resources Limited, a Mali-based gold developer which merged with B2Gold Corp in a US\$570 million deal. He was Chief Operating Officer of Endeavour Mining Corporation following its merger with Adamus Resources, where he was Managing Director and CEO. Mark has extensive experience in financing, development, construction and operation of mining projects in a variety of commodities including gold, base metals and other resources in West Africa, Australia, North America and Europe.

Mr Connelly joined the Board on 23 June 2015.

Committee memberships: Audit, Remuneration (Chair)

Other ASX listed directorship: Calidus Resources Limited, Oklo Resources Limited, Primero Group Limited, Tao Commodities Ltd

Previous ASX listed directorship in the last 3 years: Cardinal Resources Limited, Perenti Global Limited (previously Ausdrill Ltd), Saracen Mineral Holdings Limited, Tiger Resources Limited

Interest in shares: 60,000

Interest in options: 2,103,806

**Nigel Spicer****BSc (Mining), CEng, MAusIMM**

Non-Executive Director

Nigel Spicer is a Mining Engineer with more than 40 years' experience in mining and has held operational and executive management positions with mining companies in Africa, UK, Australia, Indonesia, PNG, Brazil and Philippines. He has extensive open pit and underground (narrow vein and bulk tonnage) mining experience across a range of commodities, including gold and copper. He has significant experience managing both owner and contract mining fleets and has been involved in the successful commissioning of a number of gold mines in Australia and Africa.

Mr Spicer joined the Board on 6 September 2019.

Committee memberships: Audit, Technical

Other ASX listed directorship: Nil

Previous ASX listed directorship in the last 3 years: Nil

Interest in shares: Nil

Interest in options: Nil

**Rod Leonard****BSc and MSc (Metallurgical Engineering), MAusIMM, MSME**

Non-Executive Director

Rod Leonard is one of the founding Directors of Lycopodium (ASX: LYL) and served as an Executive Director of Lycopodium Limited from 2004 to 2019.

He has more than 30 years' experience in the operation and project development of major projects in North and South America, Africa, Asia and Australia. He has been involved in many aspects of the mineral processing industry from process development, feasibility studies, and design assignments as well as commissioning of projects.

Mr Leonard has been directly involved with Lycopodium's strong track record in Burkina Faso, recently delivering EPCM projects at the Houunde and Karma gold projects for Endeavour Mining, Natougou gold project for Semafo, Bissa and Bouly gold projects for Nordgold as well as other many other recent projects in West Africa.

Mr Leonard joined the Board on 6 September 2019.

Committee memberships: Remuneration, Technical (Chair)

Other ASX listed directorship: Lycopodium Limited

Previous ASX listed directorship in the last 3 years: Nil

Interest in shares: Nil

Interest in options: Nil

PAST DIRECTORS WHO RESIGNED DURING THE YEAR**Ian Kerr** BE (Civil) Hons II, MIE Aus

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 resigned as a director on 6 September 2019.

Committee memberships:	Audit, Remuneration
Other ASX listed directorship	Nil
Previous ASX listed directorship in the last 3 years:	Gascoyne Resources Limited, Tiger Resources Limited
Interest in shares:	Nil
Interest in options:	577,855

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were:

- development of the Sanbrado Gold Project; and
- mineral exploration in Burkina Faso

OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

BACKGROUND

The Company and its subsidiaries (the "Group", "West African" or "WAF") are engaged in mineral exploration and development in West Africa. The Group's key asset is the Sanbrado Gold Project ("Sanbrado"), located in Burkina Faso. West African owns a 90% beneficial interest in Société des Mines de Sanbrado SA ("SOMISA"), which owns Sanbrado. The government of Burkina Faso retains a 10% carried interest. The Group's mineral portfolio also includes gold and copper-gold exploration permits in Burkina Faso.

SANBRADO CONSTRUCTION

During the year, West African made substantial progress in advancing Sanbrado towards gold production. By the date of this report, the project has been commissioned, the first gold was poured on 18 March 2020, and open pit mining had ramped up at both the M5 and M1 South pits.

As at 31 December 2019, the following project development milestones have been achieved:

- Construction of the processing plant and other project infrastructure for Sanbrado was more than 90% complete.
- Underground decline of M1 South advanced 1,390m in the year to be 153m below surface by year end.
- The open pit mining contractor had mobilised to site and commenced mining in December 2019.

Processing plant



Ball and SAG mill



M1 South underground development

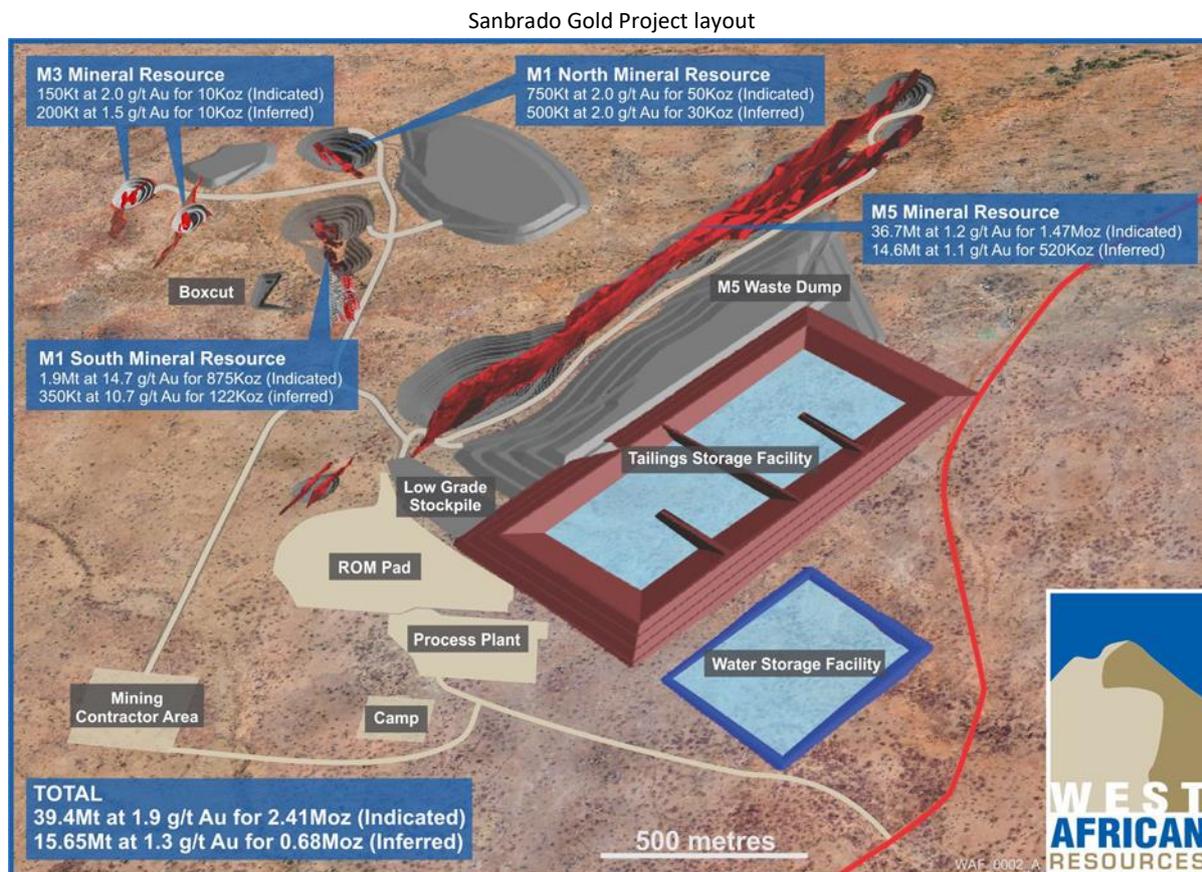


SANBRADO OVERVIEW

The project is located in Burkina Faso 90 km east-southeast of the capital city of Ouagadougou and is accessed via a sealed highway (RN4) which runs between the capital and Koupela. An existing gravel road intersects the highway near the village of Zempasgo and crosses through the south-eastern corner of the Sanbrado tenement.



The Sanbrado Gold Project will mine three deposits: M1, M3 and M5. The figure below presents the layout of the project, showing the relative positions of the mining areas and the principal infrastructure.



The Company announced the results of its optimised Feasibility Study for Sanbrado on 16 April 2019. The study envisages an initial 10-year mine life, including 6.5 years of underground mining. Details of the study are available on the Company's website at www.westafricanresources.com.

Sanbrado Gold Project ore reserves were updated in the Feasibility Study to a Probable Ore Reserve of 21.6Mt at 2.4g/t Au for 1.65Moz of gold. The Project comprises several open pits, all within 1-2km of the plant site, and an underground mine accessed through a box-cut and portal immediately to the south west of the M1 South open pit. The plant comprises a conventional SABC (semi-autogenous, ball, crush) milling circuit, gravity and carbon in leach processing with a nominal throughput capacity of 2.2Mtpa and average LOM recovery estimated to be 92.9%.

The Feasibility Study envisages that underground mining will be completed in Year 6 of gold production and open-pit mining continues through until mid-way through Year 10 of production with processing carried out for a full 10 years. Mining and processing of the high grade M1 South Probable Ore Reserve is prioritised, generating significant early cashflow.

The operating costs for Sanbrado in the Feasibility Study reflect that the project is a conventional, low cost operation. Life of mine ("LOM") all in sustaining costs ("AISC") are estimated to be US\$633/oz. This is a result of high-grade ore from M1 South and the significant proportion of oxide and transition material in the mine schedule and the free milling nature of all ore types, low reagent consumption and a high component of gravity recoverable gold.

Sanbrado Gold Project December 2019 Resource								
Resource Area	Category	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 <180mRL	0.5	850,000	6.4	178,000	50,000	5.2	5,000
	U/G >180mRL	3	1,000,000	21.9	697,000	300,000	11.2	117,000
	Total	Combined	1,850,000	14.7	875,000	350,000	10.7	122,000
M5	O/P	0.5	36,650,000	1.2	1,470,000	14,600,000	1.1	520,000
M1 North	O/P	0.5	750,000	2.0	49,000	500,000	2.0	32,000
M3	O/P	0.5	150,000	2.0	11,000	200,000	1.5	9,000
Total		Combined	39,400,000	1.9	2,405,000	15,650,000	1.3	683,000

*Due to rounding ounces may not precisely calculate to the amounts provided.

Sanbrado Gold Project Mineral Reserve by Category				
Mining Category		Tonne Mt	Gold Grade g/t	Contained Gold koz*
Open Pit	Proven	0.0	0.0	0
	Provable	19.5	1.6	1,004
Underground	Proven	0.0	0.0	0
	Provable	2.0	10.2	646
Total Probable Mineral Reserve*		21.6	2.4	1,650

*Due to rounding the totals may not precisely add up to, and ounces may not precisely calculate to, the amounts provided.

SAFETY, ENVIRONMENTAL AND SUSTAINABILITY

There were no significant safety or environmental incidents during the year. The LTIFR for the project at the end of the period was 0.4, with more than 2.4 million hours worked.

West African has 375 employees at Sanbrado as at 31 December 2019, comprised of 95% Burkinabés of which 25% are women. Sanbrado will contribute significant direct economic benefits to Burkina Faso through various taxes, royalties and fees, including a community development fund of 1% of revenue.

In addition, the Company is continuing to develop its environmental and sustainability management programs that are aimed at achieving the IFC Performance Standards.

New homes under construction for affected people



CORPORATE

Debt facility

A project debt facility with a drawdown limit of US\$200 million (A\$285 million) was executed during the year with Taurus Funds Management Pty Ltd ("Taurus") for the development of the Sanbrado Gold Project. Interest is charged at 7.75% per annum on drawn amounts and 2% per annum on the undrawn balance and is payable quarterly. The facility is secured against the assets of the Group and contains no mandatory hedging requirements.

The balance drawn at 31 December 2019 under the facility was US\$175 million. The remaining US\$25 million was drawn in March 2020, making the facility fully drawn as at the date of this report. The facility contains a repayment schedule comprised of sixteen quarterly repayments commencing March 2021 and ending December 2024, and can be repaid early at any time without penalty.

The finance facility also contains a contractual commitment for payment of a fee on the first 1.25 million ounces of gold sold from the Sanbrado Gold Project. The fee for each ounce of gold sold will be calculated as the spread between the LBMA quoted am fix price on the date the refined gold is credited to the Company's metals account and the lowest LBMA quoted gold price (am fix or pm fix) during the preceding 8 business day period.

The Group has the option to terminate the product fee commitment at any time by paying the net present value (applying a 5% annual discount rate, and assuming the timing of gold sales as set out in the mine production schedule) of the pre-agreed price per ounce for the remaining committed ounces.

Board composition changes

In September 2019, WAF announced several changes to its Board as it prepared for gold production at Sanbrado.

Richard Hyde, the founder of West African Resources, transitioned to the role of Executive Chairman and continues as full-time CEO.

Lyndon Hopkins joined the Board as Executive Director and continues as the Company's Chief Operating Officer.

Rod Leonard and Nigel Spicer joined the Board as Independent Non-Executive Directors.

Mark Connelly transitioned from Non-Executive Chairman to Non-Executive Director. Simon Storm continues as a Non-Executive Director and Company Secretary. Ian Kerr resigned from the Board.

Delisting from TSX

On 22 February 2019, the Company announced the voluntarily delisting of its ordinary shares from trading on the TSX Venture Exchange ("TSXV") effective from close of trading on 8 March 2019. The Company took this decision due to several factors, including the limited trading volume of its shares on the TSXV over a sustained period. As a result, the Board considered the regulatory and other costs associated with maintaining the TSXV listing were unnecessary. No change occurred to the quotation and trading of the Company's shares on the Australian Securities Exchange ("ASX") and they remain available for trading on the ASX under the code WAF.

OTHER PROJECTS

No work was completed during the year on the Group's projects other than Sanbrado.

RESULTS FOR THE YEAR

The net loss of the Group for year ended 31 December 2019 of \$4,334,000 was \$783,000 higher than the \$3,551,000 net loss of the comparative 6-month period. This is mainly due to \$3,152,000 higher corporate costs, \$550,000 higher exploration costs and \$986,000 higher realised foreign exchange losses partially offset by \$834,000 higher interest income and \$2,537,000 higher unrealised foreign exchange gains. The above increase in corporate costs (including personnel, consultants, travel, and overheads) reflects a combination of a full year of costs in the reporting period versus a half year in the comparative period, and the growth of the Company during the current year as development of Sanbrado ramped up.

The \$246,350,000 increase in total assets during the year was fully offset by the \$249,883,000 increase in total liabilities resulting in a \$3,533,000 decrease in net assets over the year. The asset increase is mainly related to the construction of Sanbrado which is reflected in a \$223,646,000 increase in mine properties, while the liabilities increase is mainly related to the financing of the construction of Sanbrado, which is reflected in a \$235,063,000 increase in loans and borrowings.

Cash increased from \$66,355,000 at the start of the period to \$83,584,000 at 31 December 2019. This \$17,009,000 cash increase is mainly due to a \$232,564,000 net cash inflow from financing activities, partially offset by a \$208,968,000 net cash outflow from investing activities and a \$6,587,000 net cash outflow from operating activities. Cash outflows from operating activities mainly represents corporate administration and non-Sanbrado exploration costs. Cash usage in financing activities during the year mainly reflects expenditures for the construction of Sanbrado and capitalisation of interest paid on Sanbrado project debt. The cash inflows from financing activities in the year mainly reflects \$251,799,000 of drawdowns under the project debt facility, partially offset by \$19,077,000 of cash outflows for project debt facility transaction costs.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Group significantly advanced construction and development of the Sanbrado Gold Project during the year, funded by drawdowns under the Company's project debt facility with Taurus.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

First gold pour

On 19 March 2020 West African announced that it has completed commissioning of the Sanbrado project and poured its maiden gold bars weighing 23.9 kg (768 troy oz).

COVID-19 global pandemic

Since early February the Company has been following the Western Australia Health Department guidelines for the COVID-19 global pandemic and has been updating staff and contractors regularly as the situation evolves. At the time of this report no staff or contractors of the Group have tested positive to the virus (SARS-CoV-2) nor have there been any suspected cases.

WAF executive and site management undertook a COVID-19 risk assessment workshop on site at Sanbrado in mid-March 2020. WAF's site management team includes key people who worked through the Ebola crisis in Guinea in 2014-2015. WAF medical staff are monitoring the body temperatures of all people entering site and will implement a self-isolation policy for anyone suspected of being COVID-19 positive. Site management has prepared an isolation block within camp for any suspected cases and have qualified medical personnel and sufficient supplies to deal with a COVID-19 situation.

The Company has taken early action to maintain production at Sanbrado. From a supply perspective, key reagents and consumables are on site for the next three to six months of production and the fuel farm is near full capacity and is receiving regular deliveries. In terms of international travel restrictions, the necessary staff are on site to manage production for the next few months and West African has received assurance from its mining contractors that they are doing everything possible to maintain their services to the project.

The gold price has been holding up well due to its status as a safe haven asset during times of uncertainty and therefore the Company does not consider that there is an indication that any assets of the Group may be impaired as a result of the COVID-19 global pandemic.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, likely developments in and expected results of the operations of the Group have been disclosed in the "Review of Operations" and "Significant Events After Balance Sheet Date" sections of this report. Disclosure of any further information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company.

SHARE OPTIONS AND PERFORMANCE RIGHTS¹

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

Issue date	Exercise price	Expiry date	Number of options
12-May-17	\$0.2400	12-May-20	500,000
18-Oct-17	\$0.3750	18-Oct-20	750,000
03-Nov-17	\$0.2400	09-Nov-20	2,750,000
29-Mar-18	\$0.4100	29-Mar-21	1,250,000
26-Sep-18	\$0.3100	26-Sep-21	500,000
28-Nov-18	\$0.3100	28-Nov-21	1,000,000
28-Dec-18	\$0.3200	28-Dec-21	2,500,000
28-Dec-18	\$0.0000	28-Dec-21	1,022,565
28-Dec-18	\$0.0000	28-Dec-23	944,167
28-Dec-18	\$0.4300	28-Dec-22	1,223,828
14-Feb-19	\$0.0000	14-Feb-21	259,516
05-Mar-19	\$0.2950	05-Mar-22	1,000,000
07-Jul-19	\$0.0000	07-Jul-22	61,047
20-Jan-20	\$0.0000	20-Jan-23	963,948
20-Jan-20	\$0.0000	20-Jan-23	263,157
20-Jan-20	\$0.0000	20-Jan-25	131,578
20-Jan-20	\$0.0000	20-Jan-24	131,578
Total			15,251,384

¹Performance rights are granted subject to various performance hurdles.

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.

NON-AUDIT SERVICES

The Group may decide to employ the external auditor, HLB Mann Judd, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Fees that were paid or payable for non-audit services provided by the auditor of the parent entity during the year are outlined in Note 22 of the accompanying financial statements. The Directors are satisfied that the provision of non-audit services during the year by the auditor are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed in the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professionals and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

DIRECTORS' MEETINGS

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

Director	Directors' Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Technical Committee Meetings	
	A	B	A	B	A	B	A	B
Richard Hyde	7	7	-	-	-	-	1	1
Lyndon Hopkins	1	1	-	-	-	-	1	1
Simon Storm	7	7	2	2	1	1	1	-
Mark Connelly	7	7	2	2	1	1	1	-
Nigel Spicer	1	1	1	1	-	-	1	1
Rod Leonard	1	1	-	-	1	1	1	1
Ian Kerr	5	4	1	1	-	-	-	-

A – the number of meetings held whilst a Director

B – the number of meetings the Director attended

ROUNDING OF AMOUNTS

The Company is of a kind referred to in "ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191", issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and accompanying financial statements. Amounts in the Directors' Report and accompanying financial statements have been rounded off in accordance with that Rounding Instrument to the nearest thousand dollars, or in certain noted cases, to the nearest dollar.

Qualified/Competent Person's Statement

Information contained in this report that relates to exploration results, exploration targets or 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 news release 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.

Information contained in this report that relates to open pit ore reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Stuart Cruickshanks, a full-time employee. Mr Cruickshanks is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Cruickshanks 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 Cruickshanks has reviewed the contents of this news release 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.

Information contained in this report that relates to underground ore reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Wade, an independent specialist mining consultant. Mr Wade is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Wade 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 Wade has reviewed the contents of this news release 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.

Any other information contained in this 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 CP as defined in JORC Code and a QP under National Instrument 43-101. Hyde has reviewed and approved the scientific and technical information and contents of this presentation, and consents to the inclusion in this presentation of the statements based on his information in the form and context in which they appear.

REMUNERATION REPORT (AUDITED)

Contents:

1. Remuneration report overview
2. Remuneration governance
3. Non-Executive Director remuneration
4. Executive remuneration
5. Performance and executive remuneration outcomes
6. Executive employment arrangements
7. Additional statutory disclosures

1) REMUNERATION REPORT OVERVIEW

The Directors of West African Resources Limited present the Remuneration Report (“the Report”) for the Group for the year ended 31 December 2019. This Report forms part of the Director’s Report and has been prepared in accordance with the Corporations Act 2001.

The Report details the remuneration arrangements for West African’s Key Management Personnel (“KMP”), being:

- the Non-Executive Directors (“NEDs”);
- the Executive Directors; and
- the senior executives with authority for planning, directing and controlling the major activities of the Consolidated Entity.

The KMP are set out below:

Name	Position	Appointed	Resigned
Non-Executive Directors			
Simon Storm	Non-Executive Director & Company Secretary	November 2007	-
Mark Connelly	Non-Executive Director	June 2015	-
Nigel Spicer	Non-Executive Director	September 2019	-
Rod Leonard	Non-Executive Director	September 2019	-
Ian Kerr	Non-Executive Director	June 2018	September 2019
Executive Directors			
Richard Hyde	Executive Chairman and Chief Executive Officer	September 2006	-
Lyndon Hopkins	Executive Director and Chief Operating Officer	September 2019 ¹	-
Senior Executives			
Padraig O’Donoghue	Chief Financial Officer	June 2018	-
Matthew Wilcox	Chief Development Officer	September 2018	-

¹ Date appointed a Director (employed from 1 January 2017).

Performance on shareholder wealth

Period ending	December 2019	December 2018	June 2018	June 2017	June 2016
Reporting period length	12 months	6 months	12 months	12 months	12 months
EPS (cents)	(0.5)	(0.5)	(4.3)	(3.0)	(2.6)
Dividends (cents per share)	Nil	Nil	Nil	Nil	Nil
Net profit / loss (\$’000)	(4,334)	(3,551)	(25,300)	(14,324)	(7,805)
Share price (\$)	0.430	0.250	0.380	0.355	0.210

2) REMUNERATION GOVERNANCE

A. REMUNERATION COMMITTEE RESPONSIBILITY

The Remuneration Committee is a subcommittee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-Executive Director fees;
- Executive remuneration, including executive directors and other senior executives; and
- The executive remuneration framework and incentive plan policies.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of non-executive directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team.

B. USE OF REMUNERATION ADVISORS

During the prior year the Remuneration Committee engaged BDO Remuneration and Reward Pty Ltd ("BDO") to review and provide recommendations on the Consolidated Entity's executive remuneration framework and policies. Both BDO and the Remuneration Committee were satisfied the advice received from BDO was free from undue influence from the KMP to whom the recommendations applied. The BDO recommendations were provided to the Committee as an input into decision making only and were used to assist the Board in structuring remuneration packages in a form suitable for the Company. The Committee considered the BDO recommendations along with other factors in making its remuneration decisions. The fees paid to BDO for the remuneration recommendations were \$Nil (2018: \$22,500 (GST exclusive)).

C. REMUNERATION FRAMEWORK

Following the BDO remuneration review the following remuneration framework overview was recommended by the Remuneration Committee and adopted by the Board with effect from 1 January 2019.

Category	Definition of pay category	Elements	Purpose
Total fixed remuneration	Pay which is linked to the present value or market rate of the role.	Total fixed remuneration	Pay for meeting role requirements
Incentive pay	Pay for delivering the plan and growth agenda for WAF which must create value for shareholders. Incentive pay will be linked to the achievement of 'line-of-sight' performance goals. It reflects 'pay for performance'.	Short term incentive	Incentive for the achievement of annual objectives and sustained business value
Reward pay	Pay for creating value for shareholders. Reward pay is linked to shareholder returns. It reflects 'pay for results'.	Long term incentive	Reward for executive performance over the long term

The Company tabled and had approved at the Annual General Meeting ("AGM") in November 2018, the Incentive Option & Performance Rights Plan" (Incentive Plan) which provides for the granting of incentive and reward-based remuneration.

The West African Resources Incentive Plan is comprised of:

- **A Short-term and Deferred Incentive (“STI”) Plan** designed to incentivize and reward Executives for the attainment of short-term objectives, and to enable the executive to accumulate equity in the business, which not only ensures a better alignment with shareholders (i.e. ‘skin in the game’), but also provides a retentive benefit. The ‘Short Term and Deferred Incentive Plan’ will be ‘reset’ on an annual basis (i.e. a cash and option award opportunity will be made available at the beginning of each year).
- **A Long-term Incentive (“LTI”) Scheme** is designed to ‘reward’ Executives for the creation of long-term shareholder value as evidenced by market and non-market measures. A single award will be made at the beginning of year ‘0’ and will represent a performance period of 3 years (i.e. it will not be ‘reset’ annually). At the end of this 3-year period, the Company will have evolved from project development status to a fully-fledged producer. The 3-year long-term goal communicated a clear direction as to what shareholders require from management at the end of 3 years.

3) NON-EXECUTIVE DIRECTOR REMUNERATION

A. NED REMUNERATION POLICY

West African Resources Limited’s NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

The Company’s constitution and the ASX listing rules specify that the NED fee pool limit shall be approved periodically by shareholders. The last determination at an AGM was an aggregate fee pool of \$500,000 per year. At the forthcoming AGM in May 2020 shareholder approval will be sought to increase the aggregate fee pool to \$900,000 per year to provide for the Company’s transitions into production and the consequential considerations related to changes to the Board’s overall skillset and composition.

The Remuneration Committee considered advice from the BDO remuneration review regarding the amount of the aggregate remuneration and the manner in which it is paid to NEDs and this was based on a review against comparable development stage Non-Executive Director fees will be reviewed once commercial production is achieved.

B. NED REMUNERATION STRUCTURE

The remuneration of NEDs consists of director’s fees. There is no scheme to provide retirement benefits to NEDs other than statutory superannuation. Aside from receiving 30% of their fees in the form of share options, NEDs will not participate in any performance related incentive programs.

Whilst WAF has no minimum shareholding policy for NEDs, the BDO remuneration review recommended that each NED held a percentage of their total fees in equity to align their interests with the Company’s shareholders. This recommendation was put to the AGM in November 2018 and the issue of Options in lieu of 30% of Directors fees was approved. This fee structure supports NEDs in building their shareholding in the company they represent and assists in facilitating NEDs building a ‘meaningful’ shareholding in the company. It should be noted that this equity component:

1. does not increase the NED fee above that of the market. It aligns NED fees with market median based on the time, responsibilities and calibre of the incumbent; and
2. does not contain any performance conditions and the equity issued is in lieu of cash fees.

Fees paid to NEDs cover all activities associated with their role on the Board and any sub-committees. No additional fees are paid to NEDs for being a Chair or Member of a sub-committee. However, NEDs are entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services on behalf of the Company. They may also be reimbursed for out-of-pocket expenses incurred as a result of their Directorships.

4) EXECUTIVE REMUNERATION

A. EXECUTIVE REMUNERATION POLICY

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain high calibre talent;
- aligned to the Company's performance, strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The Company's approach to remuneration ensures that remuneration is competitive, performance focused, clearly links appropriate reward with desired business performance, and is simple to administer and understand by executives and shareholders.

In line with the remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and the Company's stated objectives.

B. EXECUTIVE REMUNERATION STRUCTURE

The Company's remuneration structure provides for a combination of fixed and variable pay with the following components:

- fixed remuneration;
- short-term incentives ("STI"); and
- long-term incentives ("LTI").

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a portion of executives' remuneration is placed "at risk". The relative proportion of total remuneration packages to be split between the fixed and variable remuneration is shown below:

Executive	Fixed remuneration	STI	LTI
Managing Director	42%	23%	35%
Chief Operating Officer	45%	23%	32%
Other Executives	50-54%	30%	16-20%

The total income opportunities available to the Company's Executives are as follows:

Level	Position	Total income opportunity	STIP: 1 Year	STIP: 2 Year	LTIP: 3 Year
1	Executive Chairman/CEO	140%	20%	35%	85%
2	Chief Operating Officer	120%	20%	30%	70%
3	Senior Executives	85-100%	10-20%	35-40%	30-40%

C. ELEMENTS OF REMUNERATION

(i) Fixed remuneration

Total fixed remuneration ('TFR') consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- the scope of the executive's role;
- the executive's skills, experience and qualifications; and
- individual performance.

(ii) Short-term Incentive (STI) arrangements

Under the STI, all executives have the opportunity to earn an annual incentive award. The STI recognises and rewards achievement of annual Short-Term Incentive ('STI') performance metrics. These are paid in the form of a cash bonus (up to 20% of TFR) and Zero Exercise Priced Options (ZEPOs) (up to 30-40% of TFR).

The performance metrics under the STI are set out below. To ensure overall goal alignment amongst the executives and the Company, a major component of the performance metrics is consistent amongst all the Executives.

2019 Performance metrics***Company performance (80%)***

The Company set out the following performance metrics for achievement within 12 months of the date the STI ZEPOs were issued:

Gateway hurdle: Completion of project finance, documentation and first debt drawdown.

Weighted hurdles: If the gateway hurdle is achieved, the number of options that will vest will be determined by the Board relative to the maximum considering the extent to which the following weighted hurdles are achieved:

- 20%: DFS update to mineral resources, reserves and project optimisation;
- 20%: Commencement of box cut, portal establishment and decline development;
- 20%: Formal investment decision;
- 20%: Detailed design and commencement of construction; and
- 20%: Lost Time Injury Frequency Rate (LTIFR) of less than 1, and trending downwards.

2020 Performance metrics

Gateway hurdle: Sanbrado reaches commercial production in 2020.

Weighted hurdles: If the gateway hurdle is achieved, the number of 2020 STI ZEPOs that will vest will be determined by the Board relative to the maximum considering the extent to which the following weighted hurdles are achieved:

- 30%: Sanbrado construction completed within Board approved budget and schedule;
- 30%: A minimum of 150,000 ounces of gold is poured in 2020;
- 20%: There is no default of the Taurus loan facility agreement;
- 10%: There are no significant social or environmental incidents; and
- 10%: The Sanbrado Total Injury Frequency Rate (TIFR) is less than the industry standard in Western Australia.

Individual performance (20%)

Individual performance is measured in relation to achievement of individual and departmental specific goals and supervisory discretion.

(iii) Long-term Incentive (LTI) arrangements

Long Term Incentive ('LTI') performance metrics are associated with achieving the vesting criteria for the associated option prior to the option expiry date as follows:

- Premium Exercise Priced Options ('PEPO') for achieving a market measure (absolute share price appreciation, being a minimum of 145% at the end of a 4-year performance period and service) which, in relation to the 2020 LTI ZEPOs, is 60.61 cents (2019: 43 cents); and
- Zero Exercise Priced Options ('ZEPO') for achieving a non-market measure (at least 500,000 ounces of gold poured within 3 years of the date the LTI ZEPOs are issued and will expire 5 years from the date of issue).

5) PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

The remuneration of the KMP for the year ended 31 December 2019 is detailed below. Please note that the prior period relates to the 6 months ending 31 December 2018.

		Fixed remuneration				Variable remuneration				Performance based % of remuneration	
		Cash salary and fees	Super	Annual and Long Service Leave	Total	Cash Bonus	Options	Performance rights (ZEPOs)	Total	Fixed remuneration	Remuneration linked to performance
		\$	\$	\$	\$	\$	\$	\$	\$	%	%
Executive Directors											
Richard	31 Dec 19	400,000	-	-	400,000	-	122,881	158,147	281,028	59%	41%
Hyde	31 Dec 18	150,000	-	-	150,000	-	48,913	1,300	50,213	75%	25%
Lyndon	31 Dec 19	273,973	26,027	52,588	352,588	-	39,979	97,188	137,167	72%	28%
Hopkins ¹	31 Dec 18	114,155	10,845	29,107	154,107	-	15,632	799	16,431	90%	10%
Non-Executive Directors											
Simon	31 Dec 19	80,850	-	-	80,850	-	55,951	-	55,951	59%	41%
Storm	31 Dec 18	46,495	-	-	46,495	-	18,261	-	18,261	72%	28%
Mark	31 Dec 19	100,000	-	-	100,000	-	175,068	-	175,068	36%	64%
Connelly	31 Dec 18	32,500	-	-	32,500	-	13,956	-	13,956	70%	30%
Nigel	31 Dec 19	60,292	-	-	60,292	-	-	-	-	100%	0%
Spicer	31 Dec 18	-	-	-	-	-	-	-	-	0%	0%
Rod	31 Dec 19	20,358	1,934	-	22,292	-	-	-	-	100%	0%
Leonard	31 Dec 18	-	-	-	-	-	-	-	-	0%	0%
Ian	31 Dec 19	70,445	6,507	-	76,952	-	58,940	-	58,940	57%	43%
Kerr	31 Dec 18	15,982	1,518	-	17,500	-	284	-	284	98%	2%
Executives											
Padraig	31 Dec 19	251,142	23,858	32,132	307,132	-	48,540	29,131	77,672	80%	20%
O'Donoghue	31 Dec 18	105,023	9,977	10,966	125,966	-	9,442	239	9,681	93%	7%
Matthew	31 Dec 19	273,973	26,027	24,631	324,631	-	86,938	-	86,938	79%	21%
Wilcox	31 Dec 18	84,475	8,025	2,787	95,287	-	16,764	-	16,764	85%	15%
Total	31 Dec 19	1,531,033	84,353	109,351	1,724,737	-	588,297	284,466	872,764	66%	34%
	31 Dec 18	548,630	30,365	42,860	621,855	-	123,252	2,338	125,590	83%	17%

¹Mr Hopkins was part of the Executives in the prior year.

STI performance and outcomes for 2019

For the year ended 31 December 2019 actual average performance and achievement of the performance metrics set out in section 4(C)(ii) above for the KMP was 100% of target performance.

500,000 STI PEPOs vested during the year ended 31 December 2019 and 963,948 STI ZEPO remain unvested. Shareholder approval will be sought for 334,927 of the unvested 2019 STI ZEPOs that Executive Directors, Richard Hyde and Lyndon Hopkins, have elected to receive in place of the cash component of the STI entitlement.

LTI performance and outcomes for 2019

For the year ended 31 December 2019 actual average performance and achievement of the performance metrics set out in section 4(C)(iii) above for the KMP was 56% of target performance.

1,223,828 (LTI PEPOs) have vested and 944,167 (LTI ZEPOs) remain unvested.

Clawback of remuneration

In the event of serious misconduct, the Board has the discretion to reduce, cancel or clawback any unvested short-term or long-term incentives.

6) EXECUTIVE EMPLOYMENT ARRANGEMENTS

A summary of the key terms of employment agreements for executives is set out below. There is no fixed term for executive service agreements and all executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate employment agreements immediately for cause, in which the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Salary (inclusive of Super)	Notice period	Termination payment
Richard Hyde (Executive Director and CEO) ¹	\$400,000 ²	3-6 months ³	3-6 months salary ⁴
Lyndon Hopkins (Executive Director and COO)	\$300,000	2 months	per NES ⁵
Padraig O'Donoghue (Chief Financial Officer)	\$275,000	1 month	per NES ⁵
Matthew Wilcox (Chief Development Officer)	\$300,000	2 months	per NES ⁵

Notes

¹Executive service agreement (ESA) entered into post year end and effective from 1 March 2020

²ESA provides for a salary increase from \$400,000 to \$585,000 starting from the date of commercial production of Sanbrado

³3 months' notice period if terminated by Director or 6 months' notice period if terminated by Company

⁴3months salary in lieu of notice if terminated by Director or 6 months' salary if terminated by Company

⁵NES are National Employment Standards as defined in the Fair Work Act 2009 (Cth)

7) ADDITIONAL STATUTORY DISCLOSURES

This section sets out the additional disclosures required under the Corporations Act 2001.

A. SHARE-BASED COMPENSATION

Options granted as compensation during the year

Grant date	Number granted	Value per option at grant date	Value of options at grant date
14-Feb-2019	259,516	\$0.2890	\$75,000
Total	259,516		\$75,000

Options forfeited / lapsed during the year

Director	Grant date	Number forfeited / lapsed during the period
Mark Connelly	03-Jun-2016	1,000,000
Lyndon Hopkins	03-Jun-2016	500,000
Total		1,500,000

Share holdings of Key Management Personnel

	Balance 1 Jan 2019	Issued as remuneration	Issued on exercise of options	Net change other	Balance 31 Dec 2019
Directors					
Richard Hyde	18,280,769	-	-	-	18,280,769
Lyndon Hopkins	3,000,000	-	-	-	3,000,000
Simon Storm	3,090,769	-	-	(500,000)	2,590,769
Mark Connelly	60,000	-	-	-	60,000
Nigel Spicer	-	-	-	-	-
Rod Leonard	-	-	-	-	-
Ian Kerr ¹	-	-	-	-	-
Executives					
Padraig O'Donoghue	112,995	-	-	-	112,995
Matthew Wilcox	400,000	-	-	-	400,000
Total	24,944,533	-	-	(500,000)	24,444,533

¹Mr Kerr resigned as a Director on 6 September 2019.

Option holdings of Key Management Personnel

	Balance 1 Jan 2019	Granted as remuneration	Options exercised	Net change other	Balance 31 Dec 2019	At 31 December 2019		
						Total	Vested	Unvested
Directors								
Richard Hyde	3,660,899	-	-	-	3,660,899	3,660,899	588,235	3,072,664
Lyndon Hopkins	2,016,949	-	-	(500,000)	1,516,949	1,516,949	355,932	1,161,017
Simon Storm	750,000	77,855	-	-	827,855	827,855	-	827,855
Mark Connelly	3,000,000	103,806	-	(1,000,000)	2,103,806	2,103,806	-	2,103,806
Nigel Spicer	-	-	-	-	-	-	-	-
Rod Leonard	-	-	-	-	-	-	-	-
Ian Kerr ¹	500,000	77,855	-	(577,855)	-	-	-	-
Executives								
Pdraig O'Donoghue	1,012,712	-	-	-	1,012,712	1,012,712	279,661	733,051
Matthew Wilcox	1,000,000	-	-	-	1,000,000	1,000,000	500,000	500,000
Total	11,940,560	259,516	-	(2,077,855)	10,122,221	10,122,221	1,723,828	8,398,393

¹Mr Kerr resigned as a Director on 6 September 2019.

B. LOANS TO KEY MANAGEMENT PERSONNEL

A loan of \$290,000 was provided to Richard Hyde in a prior year to exercise 2,000,000 options at 14.5 cents. The loan charges interest at 5.5% per annum and the maturity date has been extended from 31 December 2018 to 30 June 2020. At year end, the balance due was \$319,673 (31 December 2018: \$303,723).

C. ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Directors		
<i>Transaction:</i> Fees paid to Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services (ceased in 2019) to the company on normal commercial terms, for whom Mr Storm, a Director and Company Secretary, is a director and shareholder. This excludes fees included as remuneration noted under 5.	-	18
<i>Balance:</i> Amount payable to Dorado Corporate Services Pty Ltd at balance date \$Nil (31 December 2018: \$14,967).		
<i>Transaction:</i> The Executive Chairman Richard Hyde's spouse rented office premises to the Company for \$440 per week at 14 Southbourne Street, Scarborough, Western Australia until 28 October 2018.	-	11
<i>Balance:</i> Amount payable to Executive Chairman's spouse at balance date \$Nil (31 December 2018: \$Nil).		
	-	29

End of Audited Remuneration Report.

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 66 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



RICHARD HYDE
Executive Chairman
Perth, 26 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated	
		Twelve months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
Revenue from continuing operations	3(a)	1,239	405
Personnel costs	3(b)	(2,918)	(639)
Consultants		(628)	(283)
Contractors		(16)	(4)
Occupancy costs		(71)	(42)
Legal costs		(22)	(110)
Travel and accommodation		(318)	(71)
Exploration and evaluation expenses		(2,221)	(1,672)
Listed entity costs		(194)	(176)
Overheads		(370)	(99)
Interest expense – lease		(5)	-
Forex realised gain (loss)		(987)	-
Forex unrealised gain (loss)		2,361	(175)
Other expenses		-	(13)
Impairment of other receivables		-	(582)
Depreciation expense	3(c)	(184)	(90)
Loss before tax		(4,334)	(3,551)
Income tax expense	4	-	-
Loss after tax		(4,334)	(3,551)
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(1,213)	717
Other comprehensive profit (loss), net of income tax		(1,213)	717
Total comprehensive profit (loss) for the period		(5,547)	(2,834)
Profit (loss) attributable to:			
Owners of the parent		(4,275)	(3,536)
Non-controlling interest		(59)	(15)
		(4,334)	(3,551)
Total comprehensive loss attributable to:			
Owners of the parent		(5,488)	(2,819)
Non-controlling interest		(59)	(15)
		(5,547)	(2,834)
Basic and diluted loss per share (cents per share)	5	(0.5)	(0.5)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Consolidated	
		31 December 2019 \$'000	31 December 2018 \$'000
CURRENT ASSETS			
Cash and cash equivalents	6	83,584	66,355
Trade and other receivables	7	1,501	851
Financial assets		38	37
Total current assets		85,123	67,243
NON-CURRENT ASSETS			
Property, plant and equipment	8	224	388
Right-of-use assets	9	8,135	-
Mine properties	10	242,477	18,830
Other non-current assets	11	-	3,148
Total non-current assets		250,836	22,366
TOTAL ASSETS		335,959	89,609
CURRENT LIABILITIES			
Trade and other payables	12	13,890	9,690
Loans and borrowings	13	22	-
Lease liabilities	14	1,866	-
Total current liabilities		15,778	9,690
NON-CURRENT LIABILITIES			
Loans and borrowings	13	235,063	-
Lease liabilities	14	6,609	-
Provisions	15	4,278	2,155
Total non-current liabilities		245,950	2,155
TOTAL LIABILITIES		261,728	11,845
NET ASSETS		74,231	77,763
EQUITY			
Issued capital	16	162,919	161,947
Reserves	17	7,373	7,544
Accumulated losses		(93,940)	(89,640)
Equity attributable to owners of the parent		76,352	79,851
Non-controlling interest		(2,121)	(2,088)
TOTAL EQUITY		74,231	77,763

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated	
		31 December 2019 \$'000	31 December 2018 \$'000
OPERATING ACTIVITIES			
Payments to suppliers and employees		(6,398)	(1,777)
Exploration and evaluation expenditure		(1,452)	(2,880)
Interest received		1,266	428
Interest paid		(5)	-
Finance costs		-	(1)
Other income		2	-
Net cash outflow from operating activities	6	(6,587)	(4,230)
INVESTING ACTIVITIES			
Payments for plant and equipment		(54)	(116)
Development expenditure		(200,027)	(11,756)
Capitalised interest paid during construction		(8,887)	-
Net cash outflow from investing activities		(208,968)	(11,872)
FINANCING ACTIVITIES			
Proceeds from issue of shares		219	43,175
Proceeds from exercise of share options		770	-
Proceeds from borrowings	13	251,799	-
Payments for share issue costs		(17)	(2,043)
Payments for lease liabilities	13	(1,130)	-
Transaction costs related to loans and borrowings		(19,077)	(1,066)
Net cash inflow from financing activities		232,564	40,066
Net increase (decrease) in cash held		17,009	23,965
Cash at the beginning of the financial period		66,355	42,565
Effect of exchange rate changes on the balance of cash held in foreign currencies		220	(175)
Cash at the end of the financial period	6	83,584	66,355

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated

	Issued capital \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Non-controlling interest \$'000	Total \$'000
Balance at 1 July 2018	120,815	(88,176)	(47)	6,701	-	39,292
Loss after tax	-	(3,536)	-	-	(15)	(3,551)
Other comprehensive income	-	-	717	-	-	717
Total comprehensive loss for the period	-	(3,536)	717	-	(15)	(2,834)
Shares issued during the period net of transaction costs	41,132	-	-	-	-	41,132
Transfer to non-controlling interest	-	2,073	-	-	(2,073)	-
Share-based payments	-	-	-	172	-	172
Balance at 31 December 2018	161,947	(89,639)	670	6,873	(2,088)	77,763
Balance at 1 January 2019	161,947	(89,639)	670	6,873	(2,088)	77,763
Loss after tax	-	(4,275)	-	-	(59)	(4,334)
Other comprehensive loss for the year	-	-	(1,213)	-	-	(1,213)
Total comprehensive loss for the year	-	(4,275)	(1,213)	-	(59)	(5,547)
Shares issued during the year net of transaction costs	972	-	-	-	-	972
Transfer to non-controlling interest	-	(26)	-	-	26	-
Share-based payments	-	-	-	1,043	-	1,042
Balance at 31 December 2019	162,919	(93,940)	(543)	7,916	(2,121)	74,231

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1) BASIS OF PREPARATION

A. BASIS OF ACCOUNTING

These financial statements are presented in Australian dollars and are general purpose financial statements which have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards). They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies are consistent with those of the previous financial period, unless otherwise stated.

On 13 November 2018, the Company announced a change in its financial year end from 30 June to 31 December. This change more closely aligns the Company's reporting period with its subsidiaries' operations in Burkina Faso. The Company is therefore reporting on a twelve-month accounting period from 1 January 2019 to 31 December 2019 with comparative accounting period being the 6 months from 1 July 2018 to 31 December 2018.

West African Resources Limited (the "Company") is a public company, incorporated and operating in Australia. The Company was incorporated on 1 September 2006 as a proprietary company and converted to a public company on 16 November 2007. The Company listed on the Australian Securities Exchange Ltd on 11 June 2010.

Information for West African Resources Limited as an individual parent entity is provided in Note 27.

B. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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.

C. ROUNDING OF AMOUNTS

The Company is of a kind referred to in Rounding Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Rounding Instrument to the nearest thousand dollars (\$000's), unless otherwise stated.

D. STATEMENT OF COMPLIANCE

These consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, International Financial Reporting Standards and complies with other requirements of the law. The consolidated financial statements were authorised for issue on 26 March 2020.

1) BASIS OF PREPARATION (CONTINUED)

E. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

The preparation of this financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this financial report, the following key judgements, estimates and assumptions were made by management in applying the Group's accounting policies:

Accounting for leases

- Assessment of contracts to determine whether they contain a lease and if so, whether they also contain non-lease components.
- Estimated useful lives and depreciation of right-of-use assets.
- Discount rate of the lease used in the calculation of lease liabilities.

Exploration and evaluation expenditure

- Whether a decision had been made to proceed with development in respect of a particular area of interest.

Mine rehabilitation provision

- Best estimate of future cash flows to settle mine restoration obligations.
- Discount rate used in the calculation of the rehabilitation provision.

Property plant and equipment

- The useful lives and depreciation rates for plant and equipment.
- Assessment of assets for impairment of their carrying value.

Consolidation

- Functional currency of each entity in the Group.

F. 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.

Following the issuance of the updated exploitation permit for the Sanbrado Gold Project on 18 July 2018, exploration and evaluation costs incurred within the Sanbrado mining licence subsequent to that date have been recorded as a development asset.

1) BASIS OF PREPARATION (CONTINUED)

G. MINE PROPERTIES

Mines under construction

Exploration and evaluation costs are added to 'Mines under construction' which is a sub-category of 'Mine properties' after a decision has been made to proceed with development in respect of a particular area of interest and such development receives appropriate approvals.

All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Mines under construction'. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in 'Mines under construction' are then transferred to 'Producing mines' which is also a sub-category of 'Mine properties'. No mine under construction costs were recognised prior to the transition period.

H. 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.

I. 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.

J. 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 is classified as operating cash flows.

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

1) BASIS OF PREPARATION (CONTINUED)

K. 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.

L. 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.

M. TRADE AND OTHER ACCOUNTS PAYABLE

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

N. 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.

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.

O. 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.

1) BASIS OF PREPARATION (CONTINUED)

P. 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 12 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.

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 a 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 are 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.

1) BASIS OF PREPARATION (CONTINUED)

R. FOREIGN CURRENCY TRANSLATION (CONTINUED)

The functional currency of the foreign subsidiaries, Wura Resources Pty Ltd SARL, West African Resources Development SARL, Tanlouka SARL and Société des Mines de Sanbrado SARL, is the Communauté Financière Africaine Franc (CFA). The functional currency of the foreign subsidiary, Channel Resources Ltd is the Canadian Dollar (CAD). The functional currency of the foreign subsidiaries, Channel Resources (Cayman I) Ltd and Channel Resources (Cayman II) Ltd is the United States Dollar (USD).

As at the reporting date the assets and liabilities of the subsidiaries 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 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 are classified, at initial recognition, and subsequently measured at amortised cost, at fair value through other comprehensive income (OCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financial component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- i. Financial assets at amortised cost (debt instruments)
- ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- iv. Financial assets at fair value through profit or loss

1) BASIS OF PREPARATION (CONTINUED)

S. FINANCIAL ASSETS (CONTINUED)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objectives to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

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 27 has been prepared on the same basis as the Group.

2) SEGMENT REPORTING

AASB 8 requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes.

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

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

3) REVENUE AND EXPENSES

	Consolidated	
	Twelve months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
(a) Revenue		
Interest received	1,239	405
	1,239	405
(b) Personnel costs		
Salaries and wages	1,791	345
Other employment expenses	1,127	294
	2,918	639
(c) Depreciation expense		
Plant and equipment	89	90
Right-of-use asset	95	-
	184	90

4) INCOME TAX**A. INCOME TAX RECOGNISED IN PROFIT OR LOSS**

No income tax is payable by the consolidated entity as it 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	
	Twelve months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
Accounting loss before tax	(4,334)	(3,551)
Income tax benefit at 27.5%	1,192	976
Non-deductible expenses:		
Foreign exchange (gain) loss	(601)	41
Share-based payments	268	(47)
Impairment of loan to third party	-	(4)
Impairment of other receivables	-	(160)
Other non-deductible expenses	(4)	(1)
Temporary differences not recognised	(1,456)	(292)
Income tax benefit not recognised	-	(493)
Tax losses utilised not previously brought to account	601	
Income tax benefit attributable to loss from ordinary activities before tax	-	-
Unrecognised deferred tax balances		
Tax losses attributable to members of the group - revenue	87,076	75,185
Potential tax benefit at 27.5%	23,946	20,676
Deferred tax liabilities		
Taxable temporary differences:		
- accrued interest	(13)	-
- prepayments	(100)	-
Deferred tax asset not booked		
Amounts recognised in profit and loss:		
- accrued expenses	1,503	807
- provisions	1,841	1,290
- share issue costs	1,191	1,187
Net unrecognised deferred tax asset at 27.5%	28,368	23,960

5) LOSS PER SHARE

	Consolidated	
	Twelve months ended 31 December 2019	Six months ended 31 December 2018
	\$	\$
Basic and diluted loss per share (cents per share)	(0.5)	(0.5)
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	(4,333,608)	(3,550,653)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	868,631,331	707,811,612

6) CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2019	31 December 2018
	\$'000	\$'000
Cash at bank and in hand	83,584	7,297
Short-term deposits	-	59,058
	83,584	66,355

CASHFLOW RECONCILIATION**Reconciliation of net profit (loss) after income tax to net cashflows from operating activities**

Profit (Loss) after income tax	(4,334)	(3,551)
Depreciation	184	90
Share-based payments	1,043	172
Foreign exchange (gain) loss	(2,363)	175
Impairment of non-current assets and other receivables	-	595
	(5,470)	(2,519)
Changes in assets and liabilities		
(Increase) Decrease in trade and other receivables	173	(377)
(Decrease) Increase in trade and other payables	(1,290)	(1,334)
Net cashflows from operating activities	(6,587)	(4,230)

7) TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Current		
Interest receivable	45	91
Prepayments	362	204
Other receivables	2,858	2,417
Loan to Director	320	304
Allowance for impairment	(2,084)	(2,166)
	1,501	851

Other receivables include value added taxes receivable of \$2,084,487 from the revenue authorities of Burkina Faso. An allowance for impairment for this amount has been made pending the outcome of a submission to the revenue authorities in Burkina Faso.

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	(2,166)	(1,584)
Impairment losses and reversals recognised on receivables	82	(582)
Balance at the end of the year	(2,084)	(2,166)
Ageing of past due but not impaired		
30 - 60 days	819	343
60 - 90 days	-	-
90 - 120 days	320	304
Total	1,139	647

8) PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Buildings		
Gross carrying amount at cost	188	191
Accumulated depreciation	(137)	(89)
Net carrying amount	51	102
Office equipment		
Gross carrying amount at cost	302	264
Accumulated depreciation	(246)	(214)
Net carrying amount	56	50
Plant and equipment		
Gross carrying amount at cost	1,665	1,690
Accumulated depreciation	(1,580)	(1,503)
Net carrying amount	85	187
Motor vehicle		
Gross carrying amount at cost	928	933
Accumulated depreciation	(896)	(885)
Net carrying amount	32	48
Total property, plant and equipment owned	224	388

8) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Movement in property, plant and equipment owned		
Buildings		
At the beginning of the year	102	123
Additions	-	1
Depreciation expensed for the year	(3)	(25)
Depreciation capitalised for the year	(47)	
Effects of movement in foreign exchange	(1)	3
At 31 December net of accumulated depreciation	51	102
Office equipment		
At the beginning of the year	50	19
Additions	40	40
Depreciation expensed for the year	(12)	(9)
Depreciation capitalised for the year	(22)	
Effects of movement in foreign exchange	-	-
At 31 December net of accumulated depreciation	56	50
Plant and equipment		
At the beginning of the year	188	230
Additions	-	-
Depreciation expensed for the year	(50)	(47)
Depreciation capitalised for the year	(51)	
Effects of movement in foreign exchange	(2)	5
At 31 December net of accumulated depreciation	85	188
Motor vehicle		
At the beginning of the year	48	3
Additions	8	54
Depreciation expensed for the year	(24)	(9)
Depreciation capitalised for the year	-	
Effects of movement in foreign exchange	-	-
At 31 December net of accumulated depreciation	32	48
At 31 December	224	388

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

9) RIGHT-OF-USE ASSETS

	Property	Equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2019	-	-	-
Additions	127	9,479	9,606
Depreciation charge for the year	(95)	(1,391)	(1,486)
Effects of movement in foreign exchange	-	15	15
Balance at 31 December 2019	32	8,103	8,135

10) MINE PROPERTIES

	Consolidated	
	31 December 2019	31 December 2018
	\$'000	\$'000
Mines under construction		
Balance at the start of the period	18,830	-
Additions	222,878	16,555
Change in rehabilitation provision	2,098	2,121
Effects of movement in foreign exchange	(1,329)	154
Balance at the end of the period	242,477	18,830

11) OTHER NON-CURRENT ASSETS

	Consolidated	
	31 December 2019	31 December 2018
	\$'000	\$'000
Transaction costs	-	3,148
	-	3,148

At 31 December 2018, the transaction costs represent amounts directly attributable to establishing the project debt facility prior to execution and drawdown of the facility. These amounts were reclassified to loans and borrowings upon initial drawdown of the facility in the year ended 31 December 2019 (refer to Note 13A).

12) TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2019	31 December 2018
	\$'000	\$'000
Current		
Trade payables	8,091	6,383
Accruals	5,465	2,936
Other payables	334	371
	13,890	9,690

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

13) LOANS AND BORROWINGS

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Current	22	-
Non-current	235,063	-
	235,085	-

A. PROJECT DEBT FACILITY

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Non-current		
Project debt facility	230,325	-
	230,325	-

A project debt facility with a drawdown limit of US\$200 million was executed during the year with Taurus Funds Management Pty Ltd for the development of the Sanbrado gold project. The facility is secured against the assets of the Group, with interest charged at 7.75% per annum on drawn amounts and 2% per annum on the undrawn amount. The balance drawn at 31 December 2019 was US\$175 million (A\$251,799,000), with US\$25 million (A\$33 million) remaining undrawn. The Group is also obligated to pay a product fee under the facility (refer to Note 19(C)(i)).

B. SUPPLIER LOAN FACILITIES

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Current	22	-
Non-current	4,738	-
	4,760	-

A loan facility was entered into with Byrncut Burkina Faso SARL as a component of the Sanbrado underground mining services contract, with a limit of US\$10 million. Interest is charged at a rate of 9.75% per annum. The balance outstanding under the facility, inclusive of interest, at 31 December 2019 was US\$3.3 million (A\$4,760,000). The interest is payable half-yearly and the principal is due 6 months before termination of the 5-year services contract.

Loans and borrowings repayment profile

The principal repayment plus interest profile of the project debt and supplier facilities at 31 December 2019 appears in the table below.

	6 months or less \$'000	6-12 months \$'000	1-5 years \$'000	More than 5 years \$'000
Project debt facility	10,708	11,291	312,631	-
Supplier facility	22	-	4,738	-
Total	10,730	11,291	317,369	-

14) LEASES

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Current	1,866	-
Non-current	6,609	-
	8,475	-

Amounts recognised in profit or loss

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Interest on lease liabilities	5	-
Expenses relating to short-term leases	70	39
	75	39

Amounts recognised in the statement of cash flows

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Total cash outflow for leases	784	-

Maturity analysis – contractual undiscounted cash flows

	Less than one year	1-5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Leases	2,387	7,417	-	9,804

Changes in liabilities arising from financing activities

	Consolidated		
	Loans and borrowings \$'000	Lease liabilities \$'000	Total \$'000
Balance at the beginning of the year	-	127	127
Net cash from (used in) financing activities	232,722	(1,130)	231,592
Transfer of prior year capitalised borrowing costs	(1,066)	-	(1,066)
Amortisation of borrowing costs	1,208	-	1,208
Effects of movement in foreign exchange	(2,511)	-	(2,511)
Other changes	(28)	-	(28)
Supplier facility utilised	4,760	-	4,760
Leases entered into during the year	-	9,478	9,478
Balance at the end of the year	235,086	8,475	243,560

15) PROVISIONS

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Non-current		
Long service leave provision	60	35
Rehabilitation provision	4,218	2,121
	4,278	2,155
Reconciliation of movements in rehabilitation provision:		
Balance at the start of the period	2,121	-
Increase in rehabilitation provision during the period	2,098	2,121
Balance at the end of the period	4,218	2,121

The rehabilitation provision is the best estimate of the present value of the future cash flows required to settle the Sanbrado mine site restoration obligations at the reporting date, based on current legal requirements and technology. The amount provided each period is also capitalised as an asset in mine properties.

16) ISSUED CAPITAL

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Fully paid ordinary shares	162,919	161,947
(a) Number of shares	No.	No.
At start of period	863,524,727	690,824,727
Issue of shares 13 December 2018	-	172,700,000
Issue of shares 30 January 2019	876,000	-
Issue of shares 27 March 2019	5,000,000	-
Issue of shares on exercise of options	6,078,125	-
Balance at end of period	870,478,852	863,524,727
(b) Value of shares	\$'000	\$'000
At start of period	161,947	120,815
Issue of shares 13 December 2018	-	43,175
Issue of shares 30 January 2019	219	-
Issue of shares 27 March 2019	423	-
Issue of shares on exercise of options	347	-
Share issue costs	(17)	(2,043)
Balance at end of period	162,919	161,947

17) RESERVES

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Reserves	7,373	7,544
Reserves comprise the following:		
(a) Foreign currency translation reserve		
At start of period	670	(47)
Currency translation differences	(1,213)	717
Balance at end of period	(543)	670
(b) Share-based payments reserve		
At start of period	6,874	6,701
Options issued - share based payment expense	974	172
Options issued in lieu of directors fees	68	-
Balance at end of period	7,916	6,873

Nature and purpose of reserves**(a) 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.

(b) 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.

18) DIVIDENDS

No dividends have been paid or declared payable during the reporting period (31 December 2018: \$Nil).

19) COMMITMENTS AND OTHER CONTINGENCIES

A. EXPLORATION AND MINING LEASE COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rental fees and to meet the minimum expenditure requirements. These discretionary costs are not provided for in the financial statements and will be payable as follows:

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Due within 1 year	424	697
Due after 1 year but not more than 5 years	33	539
Due after 5 years	-	-
	457	1,236

B. CAPITAL COMMITMENTS

Capital commitments in relation to the construction of the Sanbrado Gold Project mine site will be payable as follows:

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Due within 1 year	21,626	22,336
Due after 1 year but not more than 5 years	-	-
Due after 5 years	-	-
	21,626	22,336

C. CONTINGENT LIABILITIES

(i) Product fee (Taurus cash-settled offtake)

Under the project finance facility for the Sanbrado Gold project the Group has a contractual commitment to pay a fee on the first 1.25 million ounces of gold sold from the Sanbrado Gold project. The fee for each ounce of gold sold will be calculated as the spread between the LBMA quoted am fix price on the date the refined gold is credited to the Company's metals account and the lowest LBMA quoted gold price (am fix or pm fix) during the preceding 8 business day period.

The Group has the option to terminate the product fee commitment at any time by paying the net present value (applying a 5% annual discount rate, and assuming the timing of gold sales as set out in the mine production schedule) of an agreed price per ounce for the remaining committed ounces.

(ii) Other contingent liabilities

There were no other material contingent liabilities at the end of the year (31 December 2018: nil).

20) INTEREST IN SUBSIDIARIES

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

Controlled entities	Country of incorporation	Ownership interest	
		31 December 2019	31 December 2018
		%	%
Parent Entity:			
West African Resources Limited	Australia		
Subsidiaries of West African Resources Limited:			
WAF Finance Pty Ltd	Australia	100	-
Wura Resources Pty Ltd SARL	Burkina Faso	100	100
West African Resources Development SARL	Burkina Faso	100	100
Channel Resources Ltd	Canada	100	100
<i>which owns</i>			
Channel Resources (Cayman I) Ltd	Cayman Islands	100	100
<i>which owns</i>			
Channel Resources (Cayman II) Ltd	Cayman Islands	100	100
<i>which owns</i>			
Tanlouka SARL	Burkina Faso	100	100
Société des Mines de Sanbrado SA ¹	Burkina Faso	90	90

¹The remaining 10% of Société des Mines de Sanbrado SA is held by the government of Burkina Faso which is entitled to a free carried 10% interest in the project.

Intercompany transactions between the parent entity and its subsidiaries are eliminated on consolidation.

	Consolidated		Parent Entity	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$'000	\$'000	\$'000	\$'000
Amounts owed by/(to) related parties				
<u>Subsidiaries</u>				
WAF Finance Pty Ltd	-	-	14,212	-
Wura Resources Pty Ltd SARL	-	-	22,788	21,865
Société des Mines de Sanbrado SA	-	-	44,150	30,576
West African Resources Development SARL	-	-	560	503
Tanlouka SARL	-	-	18,717	17,525
Channel Resources (Cayman I) Ltd	-	-	43	-
Channel Resources (Cayman II) Ltd	-	-	44	26
Channel Resources Ltd	-	-	(8)	(23)
Total	-	-	100,506	70,472
Provision for impairment	-	-	(54,806)	(70,469)
	-	-	45,700	3
Amounts payable to Directors for directors' fees (including GST)	-	10	-	16
Amounts payable to Directors for consulting fees (including GST)	-	42	-	42

Further information with respect to related party transactions are included in Note 23.

20) INTEREST IN SUBSIDIARIES (CONTINUED)

Summarised financial information for Société des Mines de Sanbrado SA before intragroup eliminations, is set out below.

	Twelve months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Revenue	-	867
Profit (Loss) for the period:		
Attributable to owners of the parent	(621)	(138)
Attributable to non-controlling interest	(59)	(15)
	(680)	(153)
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	1,860	1,636
Non-current assets	214,887	10,372
	216,747	12,008
Liabilities		
Current liabilities	225,354	32,892
Non-current liabilities	12,600	-
	237,954	32,892
Equity		
Attributable to owners of the parent	(19,086)	(18,796)
Attributable to non-controlling interest	(2,121)	(2,088)
	(21,207)	(20,884)
STATEMENT OF CASH FLOWS		
Net used in operating activities	(1,436)	(245)
Net used in investing activities	(164,211)	(10,184)
Net cash from (used in) financing activities	165,571	11,019
	(76)	590

21) SUBSEQUENT EVENTS AFTER THE BALANCE DATE

First gold pour

On 19 March 2020 West African announced that it has completed commissioning of the Sanbrado project and poured its maiden gold bars weighing 23.9 kg (768 troy oz).

COVID-19 global pandemic

Since early February the Company has been following the Western Australia Health Department guidelines for the COVID-19 global pandemic and has updated staff and contractors regularly as the situation evolved. At the time of this report no staff or contractors of the Group have tested positive for the virus (SARS-CoV-2) nor have there been any suspected cases.

WAF executive and site management undertook a COVID-19 risk assessment workshop on site at Sanbrado in mid-March 2020. WAF's site management team includes key people who worked through the Ebola crisis in Guinea in 2014-2015. WAF medical staff are monitoring the body temperatures of all people entering site and will implement a self-isolation policy for anyone suspected of being COVID-19 positive. Site management has prepared an isolation block within camp for any suspected cases and have qualified medical personnel and sufficient supplies to deal with a COVID-19 situation.

The Company has taken early action to maintain production at Sanbrado. From a supply perspective, key reagents and consumables are on site for the next three to six months of production and the fuel farm is near full capacity and is receiving regular deliveries. In terms of international travel restrictions, the necessary staff are at site to manage production for the next few months and West African has received the assurance of its mining contractors that they are doing everything possible to maintain their services to the project.

22) AUDITORS' REMUNERATION

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
The auditor of West African Resources Limited is HLB Mann Judd		
Audit or review of the financial statements	46	18
All other services	-	1
	46	19
Amounts received or due and receivable by non HLB Mann Judd audit firms		
Audit or review of the Burkina Faso financial reports	18	5
	18	5

23) DIRECTORS AND EXECUTIVE DISCLOSURES**A. DETAILS OF KEY MANAGEMENT PERSONNEL**

Non-Executive Directors		Appointed	Resigned
Simon Storm	Non-Executive Director and Company Secretary	November 2007	-
Mark Connelly	Non-Executive Director	June 2015	-
Nigel Spicer	Non-Executive Director	September 2019	-
Rod Leonard	Non-Executive Director	September 2019	-
Ian Kerr	Non-Executive Director	June 2018	September 2019
Executive Directors			
Richard Hyde	Executive Chairman and CEO	September 2006	-
Lyndon Hopkins*	Executive Director and COO	September 2019	-
Other Executives (KMPs)			
Padraig O'Donoghue	Chief Financial Officer	June 2018	-
Matthew Wilcox	Chief Development Officer	September 2018	-

*Date appointed a Director (employed since January 2017).

B. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Consolidated	
	Twelve months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
Short-term employee benefits	1,640	592
Post-employment benefits	84	30
Share-based payments	873	125
	2,597	747

C. COMPENSATION BY CATEGORY OF KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 31 DECEMBER 2019

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

D. LOANS TO KEY MANAGEMENT PERSONNEL

A loan of \$290,000 with 5.5% interest per annum was provided to the Mr Richard Hyde in a prior year to fund the exercise of 2,000,000 options at 14.5 cents. During the year the maturity date of the loan was extended from 31 December 2019 to 30 June 2020. The loan balance outstanding at 31 December 2019 was \$311,632 (31 December 2018: \$303,723).

23) DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)**E. OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL**

	Consolidated	
	Twelve months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
<i>Transaction:</i> Fees paid to Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services to the company on normal commercial terms, for whom Mr Storm, Director and Company Secretary, is a director and shareholder. This excludes fees included as remuneration noted under 6(a).	-	18
<i>Balance:</i> Amount payable to Dorado Corporate Services Pty Ltd at balance date \$Nil (31 December 2018: \$14,967).		
<i>Transaction:</i> The Executive Chairman, Richard Hyde's spouse rented office premises to the Company for \$440 per week at 14 Southbourne Street, Scarborough, Western Australia until 28 October 2018.	-	11
<i>Balance:</i> Amount payable to Executive Chairman's spouse at balance date \$Nil (31 December 2018: \$Nil).		
	-	29

24) FINANCIAL INSTRUMENTS

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Financial assets		
Cash and cash equivalents (Note 6)	83,584	66,355
Trade and other receivables (Note 7)	1,501	851
Financial assets	38	37
	85,123	67,243
Financial liabilities		
Trade and other payables (Note 12)	(13,890)	(9,690)
Loans and borrowings* (Note 13)	(256,559)	-
Lease liabilities (Note 14)	(8,475)	-
	(278,924)	(9,690)

*Loan and borrowings amount as disclosed in Note 13 includes capitalised transaction costs of \$21,473,000.

25) FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

A. MARKET RISK

(i) Interest rate risk

The Group's main interest rate risk arises from its cash balances. Cash held at variable rates expose the Group to cash flow interest rate risk while cash deposits at fixed rates expose the Group to fair value interest rate risk. During the period, the Group's cash deposits at variable rates were denominated in Australian Dollars ("AUD"), United States Dollars ("USD"), Euros, and Communaute Financière Africaine Francs ("CFA").

The tables below analyse the Group's financial assets and financial liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Consolidated						
	Weighted Average Effective Interest Rate	Floating Interest Rate \$'000	Fixed Interest Rate Maturing			Non- interest bearing \$'000	Total \$'000
			Within Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000		
31 December 2018							
Financial assets							
Cash and cash equivalents	1.7%	7,297	51,821	-	-	7,237	66,355
Trade and other receivables	5.5%	-	304	-	-	547	851
Financial assets	2.7%	-	37	-	-	-	37
Total financial assets		7,297	52,162	-	-	7,784	67,243
Financial liabilities							
Trade and other payables		-	-	-	-	9,690	9,690
Total financial liabilities		-	-	-	-	9,690	9,690
31 December 2019							
Financial assets							
Cash and cash equivalents	1.7%	76,366	-	-	-	7,218	83,584
Trade and other receivables	5.5%	-	320	-	-	1,181	1,501
Financial assets	2.7%	-	38	-	-	-	38
Total financial assets		76,366	358	-	-	8,399	85,123
Financial liabilities							
Trade and other payables		-	-	-	-	13,890	13,890
Loans and borrowings		-	21,315	235,244	-	-	256,559
Lease liabilities		-	1,866	6,609	-	-	8,475
Total financial liabilities		-	23,181	241,853	-	13,890	278,924

25) FINANCIAL RISK MANAGEMENT (CONTINUED)**A. MARKET RISK (CONTINUED)****(ii) Interest rate sensitivity**

At 31 December 2019, if variable interest rates for the full year were +/- 0.5% from the year-end rate with all other variables held constant, pre-tax profit for the year would have moved as per the table below.

	+0.5%	-0.5%
	\$'000	\$'000
31 December 2019	374	(374)
31 December 2018	174	(174)

The sensitivity is calculated using the average cash position for the year ended 31 December 2019. The interest income in Note 3(a) of \$1,239,000 (31 December 2018: \$405,000) reflects cash balances in the period that ranged between \$30,480,000 and \$83,584,000 (31 December 2018: \$33,480,000 and \$66,354,000).

(iii) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk primarily arising from costs denominated in CFA and USD, and loans and borrowings denominated in USD.

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 or other hedge derivatives.

At 31 December 2019 and 31 December 2018, the Group had the following exposure to CFA, Euro, and USD foreign currencies expressed in AUD equivalents:

	Consolidated	
	31 December 2019	31 December 2018
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	76,484	14,269
Trade and other receivables	2,272	2,166
	78,756	16,435
Financial liabilities		
Trade and other payables	16,134	2,352
Loans and borrowings	258,946	-
Lease liabilities	8,442	-
	283,522	2,352

25) FINANCIAL RISK MANAGEMENT (CONTINUED)**A. MARKET RISK (CONTINUED)****(iv) Exchange rate sensitivity**

A 10 per cent strengthening of the AUD against the following currencies at 31 December would have increased (decreased) profit or loss by the amounts shown in the below table. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended 31 December 2018.

	Profit or Loss	
	Twelve months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
USD	17,413	(488)
CFA	1,854	(148)
EUR	(651)	(645)

A 10 per cent weakening of the Australian dollar against the same currencies at 31 December would have had the effect shown below, on the basis that all other variables remain constant.

	Profit or Loss	
	Twelve months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
USD	(21,282)	488
CFA	(2,266)	148
EUR	796	645

B. CREDIT RISK

Credit risk arises primarily from the Group's cash and cash equivalents held with financial institutions. The banks the Group uses for cash deposits and transactions are limited to high credit quality financial institutions.

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.

25) FINANCIAL RISK MANAGEMENT (CONTINUED)**C. LIQUIDITY RISK**

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. Liquidity risk management involves maintaining sufficient cash on hand or undrawn credit facilities to meet the operating requirements of the business. This is currently managed through cash and cash equivalents (\$83,584,000 as at 31 December 2019) combined with the undrawn balance of the project finance debt (US\$25 million as at 31 December 2019) and prudent cash flow and financial commitment management. The tables below analyse the Group's financial assets and liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

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

	Consolidated				Total \$'000
	<6 months \$'000	6-12 months \$'000	1-5 years \$'000	>5 years \$'000	
31 December 2018					
Financial assets					
Cash and cash equivalents	66,355	-	-	-	66,355
Trade and other receivables	851	-	-	-	851
Financial assets	37	-	-	-	37
Total financial assets	67,243	-	-	-	67,243
Financial liabilities					
Trade and other payables	(9,690)	-	-	-	(9,690)
Total financial liabilities	(9,690)	-	-	-	(9,690)
Net maturity	57,553	-	-	-	57,553
31 December 2019					
Financial assets					
Cash and cash equivalents	83,584	-	-	-	83,584
Trade and other receivables	1,501	-	-	-	1,501
Financial assets	38	-	-	-	38
Total financial assets	85,123	-	-	-	85,123
Financial liabilities					
Trade and other payables	(13,890)	-	-	-	(13,890)
Loans and borrowing	(8,058)	(13,257)	(235,244)	-	(256,559)
Lease liabilities	(915)	(951)	(6,609)	-	(8,475)
Total financial liabilities	(22,863)	(14,208)	(241,853)	-	(278,924)
Net maturity	62,260	(14,208)	(241,853)	-	(193,801)

26) SHARE-BASED PAYMENTS

A. RECOGNISED SHARE-BASED PAYMENTS

The expenses recognised for services received during the year are shown in the table below:

	Consolidated	
	Twelve months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
Share-based payments to Directors	708	83
Share-based payments to employees	330	84
Share-based payments to third party	5	6
	1,043	172

The share-based payment plans are described below. There have been no cancellations or modifications to the plan during the year.

B. TRANSACTIONS SETTLED USING SHARES

No transactions were settled in the current year using shares.

C. EMPLOYEE SHARE AND OPTION PLAN

Under the Incentive Options and Performance Rights Plan, grants are made to senior executives and other staff members who have made an impact on the Group's performance. Grants are delivered in the form of share options or performance rights which vest over periods as determined by the Board of Directors.

D. PERFORMANCE RIGHTS

Performance rights are issued for nil consideration in the form of zero exercise price options (ZEPO) and premium exercise price options (PEPO). Performance rights are subject to vesting conditions as determined by the Board of Directors. Any performance rights that do not vest by their expiry date will lapse. Upon vesting, these performance rights will be settled in ordinary fully paid shares of the Company.

(a) Summary of performance rights granted under the Employee Share and Option Plan

	2019 Number	2019 WAEP*	2018 Number	2018 WAEP*
Outstanding at the beginning of the year	3,190,560	\$0.1649	-	-
Granted during the year	61,047	-	3,190,560	-
Exercised during the year	-	-	-	-
Lapsed/cancelled during the year	-	-	-	-
Outstanding at the end of the year	3,251,607	\$0.1618	3,190,560	\$0.1649
Exercisable at the end of the year	1,223,828	\$0.4300	-	-

*WAEP = weighted average exercise price

The performance rights outstanding at the end of the year had a weighted average remaining contractual life of 1,027 days (31 December 2018: 1,449 days)

26) SHARE-BASED PAYMENTS (CONTINUED)

D. PERFORMANCE RIGHTS (CONTINUED)

(b) Fair value of performance rights granted

The fair value of the performance rights granted during the period was determined using the Black-Scholes pricing method. Further details of the basis of valuation appear below. During the year the company issued 61,047 performance rights, with fair value of \$22,893, to employees of the company pursuant to the terms and conditions of the West African Resources Limited's Incentive Options and Performance Rights Plan (31 December 2018: 3,190,560).

Number issued	Grant date	Expected life of rights	Dividend yield	Expected volatility	Risk-free interest rate	Exercise price	Share price on grant date
61,047	05-Jul-19	2 years	0%	71%	1.65%	\$0.0000	\$0.3750

E. SHARE OPTIONS

Share options are issued for nil consideration. The exercise price, vesting conditions and expiry date are determined by the Board of Directors. Any options that are not exercised by the expiry date will lapse. Upon vesting, these options will be settled in ordinary fully paid shares of the Company.

(a) Summary of options granted by the Group

	2019 Number	2019 WAEP*	2018 Number	2018 WAEP*
Outstanding at the beginning of the year	17,728,125	\$0.2231	14,728,125	\$0.1692
Granted during the year	1,259,516	\$0.2342	5,250,000	\$0.3386
Exercised during the year	(6,078,125)	\$0.1267	-	-
Lapsed/cancelled during the year	(2,000,000)	\$0.1250	(2,250,000)	\$0.1400
Outstanding at the end of the year	10,909,516	\$0.2960	17,728,125	\$0.2231
Exercisable at the end of the year	-	-	-	-

*WAEP = weighted average exercise price

The share options outstanding at the end of the year had a weighted average remaining contractual life of 469 days (31 December 2018: 671 days)

(b) Fair value of options granted

The fair value of the options granted during the period was determined using the Black-Scholes pricing method. Further details of the basis of valuation appear below. During the year the company issued 1,259,516 options, with a fair value of \$200,000, to Directors and employees of the company pursuant to the terms and conditions of the West African Resources Limited's Incentive Options and Performance Rights Plan (31 December 2018: 5,250,000).

Number issued	Grant date	Expected life of rights	Dividend yield	Expected volatility	Risk-free interest rate	Exercise price	Share price on grant date
259,516	14-Feb-19	2 years	0%	71%	1.65%	\$0.0000	\$0.2600
1,000,000	09-Mar-19	3 years	0%	71%	1.65%	\$0.2950	\$0.2800

26) SHARE-BASED PAYMENTS (CONTINUED)

E. SHARE OPTIONS (CONTINUED)

The outstanding balance of options and rights as at 31 December 2019 is represented by the following table:

Grant date	Vesting date	Expiry date	Exercise price	Number of options and rights				
				Granted	Lapsed / Cancelled	Exercised	On issue	Vested
ZEPOs								
28-Dec-18	When the Company achieves the certain milestones in relation to its Sanbrado Gold Project within 12 months of the date the performance rights are issued	28-Dec-21	\$0.0000	1,022,565	-	-	1,022,565	-
28-Dec-18	First gold pour and commercial production	28-Dec-23	\$0.0000	944,167	-	-	944,167	-
14-Feb-19	Hold continuous office as a director of the Company for 1 year from the date the options were issued	14-Feb-21	\$0.0000	259,516	-	-	259,016	-
07-Jul-19	When KPIs are achieved	01-Jun-22	\$0.0000	61,047	-	-	61,047	-
				2,287,295	-	-	2,287,295	-
PEPOs								
21-Mar-17	First gold production	21-Mar-20	\$0.2400	400,000	-	-	400,000	-
12-May-17	First gold production	12-May-20	\$0.2400	500,000	-	-	500,000	-
18-Oct-17	First gold production	18-Oct-20	\$0.3750	750,000	-	-	750,000	-
03-Nov-17	First gold production	09-Nov-20	\$0.2400	2,750,000	-	-	2,750,000	-
29-Mar-18	First gold production	29-Mar-21	\$0.4100	1,250,000	-	-	1,250,000	-
26-Sep-18	First gold production	26-Sep-21	\$0.3100	500,000	-	-	500,000	-
28-Nov-18	First gold production and first concrete pour for the plant	28-Nov-21	\$0.3100	1,000,000	-	-	1,000,000	500,000
28-Dec-18	First gold pour and commercial production	28-Dec-21	\$0.3200	2,500,000	-	-	2,500,000	-
28-Dec-18	When the company's share price first equals the option exercise price (\$0.43)	28-Dec-22	\$0.4300	1,223,828	-	-	1,223,828	1,223,828
05-Mar-19	First gold pour and commercial production	05-Mar-22	\$0.2950	1,000,000	-	-	-	-
Total				14,161,123	-	-	14,161,123	1,723,828

27) PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	31 December 2019 \$'000	31 December 2018 \$'000
BALANCE SHEET		
Current assets	18,258	65,367
Non-current assets	77,011	11,854
Total assets	95,269	77,221
Current liabilities	1,998	7,086
Non-current liabilities	57	2,155
Total liabilities	2,056	9,241
Net assets	93,213	67,980
Equity		
Issued capital	162,919	161,947
Reserves	7,917	6,875
Accumulated losses	(77,623)	(100,842)
Total equity	93,213	67,980
PROFIT (LOSS) FOR THE REPORTING PERIOD	23,219	(757)
Income tax benefit	-	-
Total comprehensive loss	23,219	(757)

Net assets of the parent entity are greater than that of the Group due to the Board's assessment of future recoverability of intercompany loans of \$45.7 million.

Guarantees, commitments and contingencies

There are no guarantees, commitments or contingencies in the parent entity other than \$187,006 of rental property lease commitments due within one year (31 December 2018: \$178,130).

28) NEW STANDARDS AND INTERPRETATIONS

A. ADOPTED

In the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 January 2019. As a result of this review, the Group has initially applied AASB 16 from 1 January 2019.

AASB 16: Leases

AASB 16 replaces:

- AASB 117: Leases,
- Interpretation 4: Determining whether an Arrangement contains a Lease,
- Interpretation 115: Operating Leases-Incentives; and
- Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

28) NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

A. ADOPTED (CONTINUED)

For the lessee, AASB 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a lease liability for the present value obligation and a 'right-of-use' asset. The right-of-use assets are calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This results in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense. There are exemptions for short-term leases and leases of low-value items.

For the lessor, the accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable prior to 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- the fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was more remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

28) NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

A. ADOPTED (CONTINUED)

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise and extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property and equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. NOT YET ADOPTED

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

29) CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in this financial report.

The Group applied AASB 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under AASB 117. Under AASB 16, the Group assess whether a contract is or contains a lease based on the definition of a lease, as explained in Note 29(A).

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of machinery, IT equipment and leases of property. For leases of other assets, which were classified as operating under AASB 117, the Group recognised right-of-use assets and lease liabilities.

Leases classified as operating leases under AASB 117

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its property and equipment leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of onerous contract provision provided in AASB 137 immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

29) CHANGES IN ACCOUNTING POLICY (CONTINUED)

A. PRACTICAL EXPEDIENTS APPLIED

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, with no right-of-use asset nor lease liability recognised; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

B. MEASUREMENT OF LEASE LIABILITIES

	2019 \$'000
Operating lease commitments disclosed as at 31 December 2018	573
Discounted using the lessee's incremental borrowing rate at the date of initial application	(32)
Less: short-term leases recognised on a straight-line basis as an expense	(290)
Less: low value leases recognised on a straight-line basis as an expense	-
Less: outgoing	(124)
Add: adjustment as a result of a different treatment of extension and termination options	-
Lease liability as at 1 January 2019	<u>127</u>

	31 December 2019 \$'000
Current lease liabilities	1,866
Non-current lease liabilities	6,609
	<u>8,475</u>

C. MEASUREMENT OF RIGHT-OF-USE ASSETS

The recognised right-of-use asset relate to the following types of assets:

	31 December 2019 \$'000
Property leases	32
Equipment	8,103
	<u>8,135</u>

D. IMPACT ON FINANCE LEASES

Based on an analysis of the Group's finance leases as at 31 December 2019 on the basis of the facts and circumstances that exist at that date, the Directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognised in the Group's interim financial statements.

E. IMPACT ON LESSOR ACCOUNTING

Based on an analysis of the Group's leases as at 31 December 2019 on the basis of the facts and circumstances that exist at that date, the Directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognised in the Group's financial statements.

DIRECTORS' DECLARATION

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 31 December 2019 and of its performance for the year then ended; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001.
- 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(D).

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 31 December 2019.

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



RICHARD HYDE
Executive Chairman
26 March 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of West African Resources Limited for the year ended 31 December 2019, 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
26 March 2020

B G McVeigh
Partner

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INDEPENDENT AUDITOR'S REPORT

To the members of West African Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of West African Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 31 December 2019 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. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
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Carrying amount of development expenditure

Note 10 to the financial report

As at 31 December 2019, the carrying value of the Group’s mine properties was \$242,477,000 and is a material asset of the Group.

At balance date the Group had one mine property being a 90% share in the Sanbrado Gold Project. This asset is still under development. There is a risk that costs are incorrectly capitalised to the development asset.

Further per AASB 136 Impairment of Assets, development assets are required to be tested for impairment indicators, as such there is a risk that the development expenditure is not recoverable.

Our procedures included but were not limited to the following:

- We considered if there were any indicators of impairment at balance date with no such indicators noted.
 - We considered the Directors’ assessment of potential indicators of impairment.
 - In relation to the substantial capitalisation of expenditure during the year as mine properties, we performed detailed testing, including verifying the authorisation, accuracy and completeness of the recording and classification of capital expenditure.
 - We examined the disclosures made in the financial report.
-

Adoption of AASB 16 Leases

Notes 9, 14 and 29 to the financial report

AASB 16 *Leases* is effective for annual reporting beginning on or after 1 January 2019. The Company decided to apply the modified retrospective approach for the transition accounting.

AASB 16 is significant to our audit, as the balances recorded are material, the update of the accounting policy requires policy elections, the implementation process to identify and process all relevant data associated with the pre-existing leases as well as new contracts entered into is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options.

Our procedures included but were not limited to the following:

- We reviewed the commitments in place as at the date of initial application and determined if any of the recognition exemptions outlined in AASB 16 were applicable.
 - We reviewed contracts entered during the year ended 31 December 2019 and where leases were identified ensured that they were brought to account
 - We have assessed the reasonableness of the assumptions included in the lease calculations.
 - We have reviewed management’s calculations of the lease liability and right to use asset and ensured that they have been calculated correctly.
 - We examined the disclosures made in the financial 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 31 December 2019, 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.

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 within the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of West African Resources Limited for the year ended 31 December 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
26 March 2020



B G McVeigh
Partner

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 18 March 2020.

DISTRIBUTION OF SHARES

Category (size of holding)	Number of holders
1 – 1,000	172
1,001 – 5,000	863
5,001 – 10,000	604
10,000 – 100,000	1,157
100,001 – and over	379
	3,175

The number of shareholdings held in less than marketable parcels is 181.

TWENTY LARGEST SHAREHOLDERS

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

Shareholders	No. of shares held	% Holding
1 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	230,465,362	26.48%
2 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	160,732,638	18.46%
3 NATIONAL NOMINEES LIMITED	41,416,423	4.76%
4 CITICORP NOMINEES PTY LIMITED	39,526,401	4.54%
5 CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	36,916,917	4.24%
6 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	30,660,554	3.52%
7 ZERO NOMINEES PTY LTD	22,450,000	2.58%
8 BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	13,821,956	1.59%
9 STICHTING LICHFIELD US\C <A/C 051 52041 9>	13,250,000	1.52%
10 MR PHILLIP RICHARD PERRY	12,989,129	1.49%
11 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	12,181,855	1.40%
12 ALOHA INVESTMENTS PTY LTD <ALOHA INVESTMENT A/C>	10,050,000	1.15%
13 AIGLE ROYAL CAPITAL PTY LTD <AIGLE ROYAL CAPITAL DIS A/C>	8,900,000	1.02%
14 MR RICHARD HYDE	7,730,769	0.89%
15 AMP LIFE LIMITED	5,037,343	0.58%
16 EXPLORATION CAPITAL PARTNERS 2014 LIMITED PARTNERSHIP	4,806,250	0.55%
17 MR GRAEME JOHN HAINES + MRS SHARNI GAY HAINES <G & S HAINES S/F A/C>	4,763,000	0.55%
18 LUJETA PTY LTD <THE MARGARET ACCOUNT>	3,846,154	0.44%
19 NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	3,707,582	0.43%
20 MR PHILLIP RICHARD PERRY + MRS TETYANA PERRY <DONESKA SUPER FUND A/C>	3,377,719	0.39%
	666,630,052	76.58%

STOCK EXCHANGE LISTING

Listing has been granted for the ordinary shares (ASX code: WAF) of the Company on the Australian Securities Exchange Limited "ASX" with 870,478,852 ordinary shares on the Company's register.

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders are:

Shareholder	Number of shares
Mitsubishi UFJ Financial Group, Inc.	76,365,270
VanEck Associates Corporation	56,970,000

VOTING RIGHTS

All shares carry one vote per unit without restriction.

UNLISTED OPTIONS

15,251,384 options and performance rights are held by 18 option holders. Options do not carry a right to vote.

There are no holders of more than 20% of the unlisted options and performance rights.

SUMMARY OF TENEMENTS

AT 18 MARCH 2020

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	01/03/2021	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
Manessé	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
Toghin	Wura Resources Pty Ltd SARL	100%	No 17 - 182/MMC/SG/DGCM	18/07/2017	17/07/2020	EL	166	Ganzourgou Province
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	Société 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	25.9	Ganzourgou Province