



West African Resources Limited

ABN 70 121 539 375

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) for the three months ended 31 December 2014

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GENERAL

Presented below is a discussion of the activities, results of operations and financial condition of West African Resources Ltd. ("West African" or the "Company") for the three month period ended 31 December 2014 ('Q215'), compared to the same periods in the preceding year. This management discussion and analysis ("MD&A") was prepared using information available as of 12 February 2015 and should be read in conjunction with the Company's unaudited consolidated interim financial statements for the six month period ended 31 December 2014 and notes thereto. These unaudited consolidated interim financial statements (the "Interim Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") for interim reporting. As a result, this MD&A should also be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and notes thereto. The Interim Financial Statements include the accounts of the Company and its subsidiaries. All monetary amounts referred to herein are in Australian dollars unless otherwise stated.

Additional information relating to the Company can be found on the SEDAR website at www.sedar.com, on the Company's website at www.westafricanresources.com.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of management's discussion and analysis. Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, as described herein. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this management's discussion and analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about general business and economic conditions, interest rates and foreign exchange rates, the timing of the receipt of regulatory and governmental approvals for projects, ability to attract and retain skilled staff, the impact of changes in foreign exchange rates on costs, market competition, the accuracy of resource estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, tax benefits and tax rates, and ongoing relations with employees and with business partners. The reader is cautioned that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.

TSX-V disclaimer

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

Preliminary Economic Analysis (PEA) disclaimer

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

The PEA is based on lower-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the PEA will be realised. There is a low level of geological confidence associated with Inferred

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Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

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

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

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

Additional details are provided in the NI 43-101 technical report filed on SEDAR.

CORPORATE OVERVIEW

West African is a mineral exploration company focused on building shareholder value through the identification, acquisition, assessment and development of mineral resource projects. The Company's portfolio includes mineral rights in a gold project in Burkina Faso.

The Company trades on the Australian Securities Exchange ('ASX') and the TSX Venture Exchange ('TSX') (with effect from January 2014) under the symbol "WAF" and warrants trading on the TSX under the symbol "WAF.WT". The Company is a reporting issuer in Canada in the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

OPERATIONS HIGHLIGHTS

West African Resources Limited (ASX: WAF) is pleased to report activities on its 100%-owned and 100%-earning gold and copper-cold projects in Burkina Faso, West Africa, for the quarter ending 31 December 2014.

Highlights

- ✓ US\$5m facility executed with Macquarie to complete Feasibility Study
- ✓ Carbon-in-leach (CIL) potential confirmed at Mankarga 5, Burkina Faso
- ✓ Column test work achieves recoveries of up to 90% gold, supporting plans for heap leach starter project approach

Drilling results

- ✓ Diamond drilling identifies a new high-grade gold zone at Mankarga 5 with results including:
 - 2m at 28.17g/t Au from 56m
 - 11m at 3.30g/t Au from 80m incl 3m at 4.27g/t Au and 1m at 16.82g/t Au from 86m
- ✓ Mankarga 5 resource definition program completed. Results included:
 - 13m at 2.39g/t Au from 4m including 4m at 6.21g/t Au ending in mineralisation
 - 15m at 5.93g/t Au from 13m including 5m at 15.8g/t Au
- ✓ Diamond drilling results received during the quarter:
 - TAN14-DD018: 26m at 2.89 g/t Au incl. 3m at 13.1 g/t Au from 190m
 - TAN14-DD020: 29m at 1.59g/t Au
 - TAN14-DD021: 2m at 28.17g/t Au from 56m and 11m at 3.30g/t Au from 80m
 - TAN14-DD022: 72m at 2.15g/t Au from 231m incl.;

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- 7m at 7.68g/t Au from 243m
- 5m at 3.58g/t Au from 263m
- 1m at 17.57g/t Au from 271m
- 8m at 2.69g/t Au from 278m
- 3m at 2.93g/t Au from 295m

March 2015 Quarter Plans:

- ✓ Upgraded Mineral Resource Estimate and Pre-feasibility Study Results
- ✓ Commencement of Bankable Feasibility Study

MINERAL PROJECTS

Burkina Faso, West Africa

The majority of West African's exploration activities since listing the Company on ASX in 2010 have been focused on Burkina Faso, located in the Sahel region of West Africa. The Sahel is a transition zone between the Sahara Desert to the north and the savannas to the south, and stretching the full width of the continent, having a semi-arid climate.

The area now known as Burkina Faso was ruled by the Mossi kingdoms from medieval times until France claimed the region in 1896 when it became known as Upper Volta. In 1960 the Republic of Upper Volta was granted autonomy by France and in 1987 the name of the country was changed to Burkina Faso.

Most of central Burkina Faso lies on a savanna plateau, 200 to 300 meters above sea level.

Some key characteristics of Burkina include:

- Average annual rainfall: ~100 cm in the south; ~25 cm in the north and northeast.
- Population: 17.8 million (2013 est.) with a growth rate of approximately 3%.
- Language: French and Mòoré
- Average population density: approximately 51.4 people per square kilometer with concentrations in urban areas approximately 80 people per square kilometer.
- Ethnicity: The country is generally regarded as an ethnically integrated, secular state, its population belonging to two major West African cultural groups - the Voltaic and the Mande. The 60% of Burkinabe are Muslim with 25% Christian but most also adhere to traditional African religions.
- Education: Compulsory until the age of 16; however, only about 80.3% of Burkina's primary school age children are enrolled in primary school. Of those enrolled, about 41.7% complete primary school.
- Government: Parliamentary Republic. Gained independence from France in 1960. Follows the French model of civil law based on a constitution adopted in 1991.
- Economy: GDP per capita (PPP) of \$1,400 (2012 est.); Real GDP growth of 8% (2012 est.) (4.2% in 2011); Inflation rate of 3.8% (2012 est.) (2.8% in 2011). Mining and the agricultural sectors (primarily cattle and cotton) are the main sources of growth. Approximately 80% of the population relies on subsistence agriculture, with only a small fraction directly involved in industry and services.

Burkina Faso is working to expand its economy by developing its mineral resources, particularly gold, improving its infrastructure, making its agricultural and livestock sectors more productive and competitive, and stabilizing supplies and prices of food grains. Gold has reportedly become the country's top export commodity.

In 2011, gold earned Burkina Faso 127 billion CFA (~\$267 million), in comparison with 440 billion CFA (~\$926 million) for the four-year period between 2007 and 2011, accounting for 64.7 percent of all exports and 8 percent of GDP. Production rose from 23 tonnes in 2010 to 32 tonnes in 2011.

Gold Exploration in Burkina Faso

Burkina Faso is located between Ghana and Mali and is home to approximately 30% of the Birimian greenstone belts of West Africa. The Birimian greenstone belts of West Africa have long been a focus for gold explorers and they host several world-class deposits. Exploration and development activity in Burkina Faso has accelerated significantly in the

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last 10 years, with several projects now having entered the production phase, including IAMGOLD's Essakane mine, High River Gold's Taparko-Boroum mine, and Semafo's Mana mine.

West African's Projects

Tanlouka Permit (WAF 90%)

West African acquired the Tanlouka Permit in January 2014 following its acquisition of TSXV-listed Channel Resources Ltd. The permit adjoins WAF's existing Boulsa landholding. Since the acquisition, West African fast-tracked exploration at Mankarga 5, including reverse circulation (RC) drilling, metallurgical diamond core drilling and oriented diamond core drilling targeting high-grade zones. On 14 April 2014, West African reported an updated independent resource estimate for Mankarga 5 which now comprises an Indicated Resource (at a 0.5g/t cut-off) estimated at 10.8 million tonnes grading 1.3g/t gold containing 437,000 ounces gold and an Inferred Resource (at a 0.5g/t cut-off) estimated at approximately 32.7 million tonnes grading 1.0 g/t gold containing 1,050,000 ounces gold. Indicated Resources (at a 1g/t cut off) are estimated at 5.7 million tonnes grading 1.7g/t gold containing 315,000 ounces gold, and Inferred Resources (at 1g/t cut off) are estimated at approximately 11.4 million tonnes at a grade of 1.6 g/t gold containing 568,000 ounces gold. Approximately 29% of the Mankarga 5 Deposit is classified as Indicated and 77% of the oxide and transitional mineralisation classified as Indicated.

Importantly, near-surface oxide and transition Indicated Resources (at a 0.5 g/t cut-off) are estimated at 6.6 million tonnes at a grade of 1.2g/t gold containing 252,000 ounces gold with remaining near-surface oxide and transitional Inferred Resources (at a 0.5 g/t cut-off) estimated at approximately 2.7 million tonnes grading 0.9 g/t gold containing 75,000 ounces gold. Table 1 shows the updated Mineral Resource for the Mankarga 5 deposit.

Table 1: Mankarga5 April 2014 Resource									
	Cut-off (Au g/t)	Indicated Resource				Inferred Resource			
		Vol (m³)	Tonnes	Grade (Au g/t)	Au Oz	Vol (m³)	Tonnes	Grade (Au g/t)	Au Oz
Oxide	0.5	2,520,000	5,500,000	1.2	214,000	910,000	2,000,000	0.8	52,000
	1	1,210,000	2,700,000	1.7	145,000	160,000	400,000	1.5	17,000
Transitional	0.5	420,000	1,100,000	1.1	38,000	260,000	700,000	1.1	23,000
	1	180,000	500,000	1.6	23,000	70,000	200,000	2.2	13,000
Fresh	0.5	1,550,000	4,200,000	1.4	184,000	11,120,000	30,000,000	1.0	974,000
	1	970,000	2,600,000	1.7	146,000	4,020,000	10,800,000	1.5	538,000
Total	0.5	4,490,000	10,800,000	1.3	437,000	12,290,000	32,700,000	1.0	1,050,000
	1	2,360,000	5,700,000	1.7	315,000	4,250,000	11,400,000	1.6	568,000

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

Preliminary Economic Analysis (PEA)

West African announced a PEA for the Mankarga 5 Gold Project on 29 July 2014. The study demonstrated Mankarga 5 as a high margin, low Capex gold project. The study assumed annual throughput of 1.6Mtpa, which is in line with the capacity of the second hand plant the Company purchased earlier in 2014 (ASX TSXV: 20/02/2014). The base case is stated assuming a 100% basis and a gold price of \$1,300/oz. All amounts are in US dollars unless otherwise stated.

Table 2 Economic Summary			
Pre-Tax	\$1100/oz	\$1300/oz	\$1500/oz
NPV^{0%} (\$M)	\$58	\$103	\$145
NPV^{5%} (\$M)	\$45	\$84	\$119
IRR %	37%	57%	71%
Payback (Months)	25	16	12
After-Tax	\$1100/oz	\$1300/oz	\$1500/oz

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NPV^{0%} (\$M)	\$47	\$80	\$111
NPV^{5%} (\$M)	\$35	\$64	\$90
IRR %	32%	49%	62%
Payback (Months)	26	18	14

A Mineral Resource estimate prepared by Ravensgate Mining Consultants in April 2014 (reported in accordance with NI 43-101 standards and JORC (2012) guidelines) was used for the PEA. This was based on drilling data until March 2014. The Company has completed 20,000m of drilling since then and intends to upgrade the resource in the December 2014 quarter.

The study demonstrated positive results for starter project focussing on the oxide portion of the Mankarga 5 resource. For full details of the Scoping Study, refer to the ASX/TSXV announcement dated 29 July 2014.

Drilling Results

Diamond drilling results received during the quarter confirmed potential for a stage two carbon-in-leach (CIL) project at Mankarga 5, demonstrating excellent grade continuity beneath the proposed oxide starter pit that West African intends to treat by conventional heap leach processing. Results included:

- TAN14-DD018: 2m at 6.38 g/t Au from 185m, and 26m at 2.89 g/t Au incl. 3m at 13.1 g/t Au from 190m
- TAN14-DD020: 29m at 1.59g/t Au including 4m at 2.98g/t Au and 3m at 4.5g/t Au from 62m
- TAN14-DD021: 2m at 28.17g/t Au from 56m
- TAN14-DD021: 11m at 3.30g/t Au from 80m including 3m at 4.27g/t Au and 1m at 16.82g/t Au from 86m
- TAN14-DD022: 72m at 2.15g/t Au from 231m including;
 - 7m at 7.68g/t Au from 243m
 - 5m at 3.58g/t Au from 263m
 - 1m at 17.57g/t Au from 271m
 - 8m at 2.69g/t Au from 278m
 - 3m at 2.93g/t Au from 295m

Figure 1: Mankarga Summary Plan

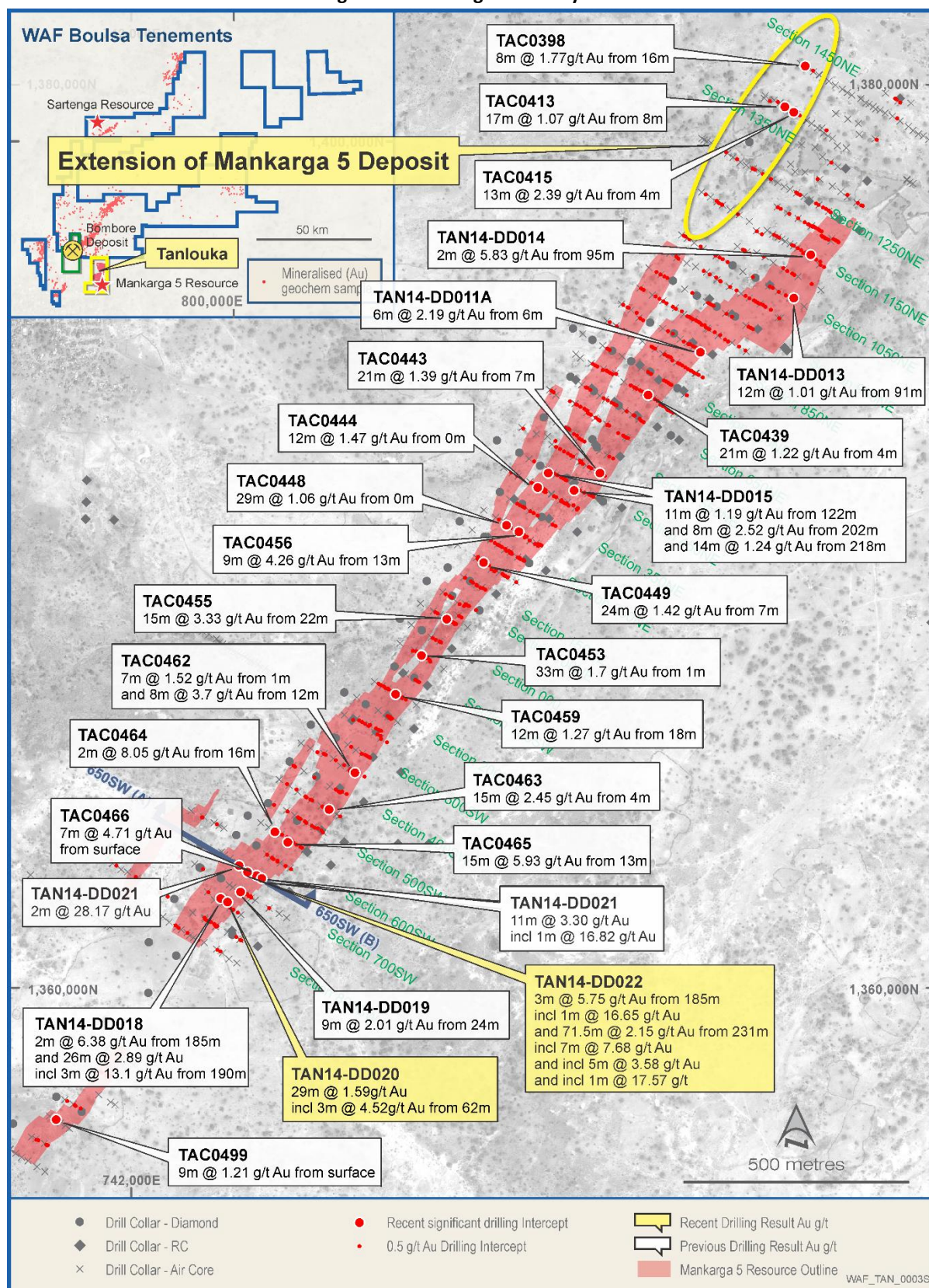
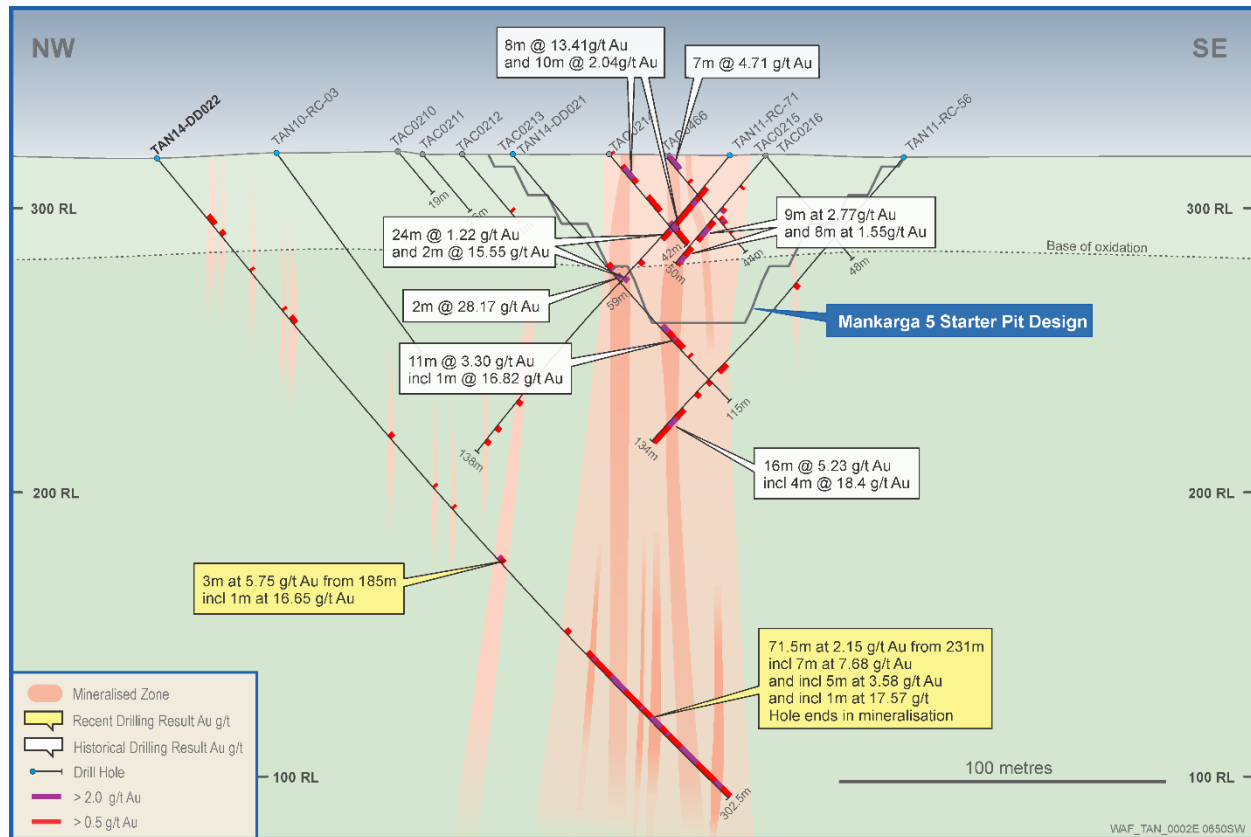


Figure 2: Mankarga Cross-Section SW0650



Metallurgical Test Work

On 14 October 2014 West African reported metallurgical test work results from Mankarga 5 that demonstrated outstanding gold recoveries.

Highlights:

- Gold recoveries of up to 90% and averaging 86% in column test work.
- Gold recoveries from column test work confirm heap leach suitability of oxide ore at the Mankarga 5 deposit, Boulsa Gold Project, Burkina Faso.
- Rapid leach kinetics with strongly oxidised ore gold recoveries of 75% after 7 days.
- Gold recoveries for all ore types more than 50% after 7 days.
- Low to moderate cement addition of 5kg to 10kg per tonne.
- Low cyanide consumption of 0.2 – 0.4 kg/t NaCN.
- High percolation rates with low slumping.
- Very low Abrasion and Ball Mill Work Indices indicate that the wear rates and power consumption will be low to very low by industry standards.

Three column tests were completed on oxide ore from the Mankarga 5 deposit. Test work was completed at ALS Global in Perth on oxide composites from four metallurgical drill core holes which were sited at various locations in the Mankarga 5 deposit.

One column contained strongly oxidised ore (SOX) at 100% passing 12.5 mm crush at a cement dose of 10kg/t. Two columns contained moderately oxidised ore type (MOX) at 100% passing 12.5 and 6.25mm respectively at 5kg/t cement addition. All columns behaved well, showed rapid leach kinetics, high percolation rates and low slumpage. Based on data obtained from the 14 coarse feed intermittent bottle roll, three column tests and industry experience cyanide (NaCN) consumption is expected to be in the order of 0.2 - 0.4 kg/t.

Details regarding the column tests are summarised in Figure and Table below.

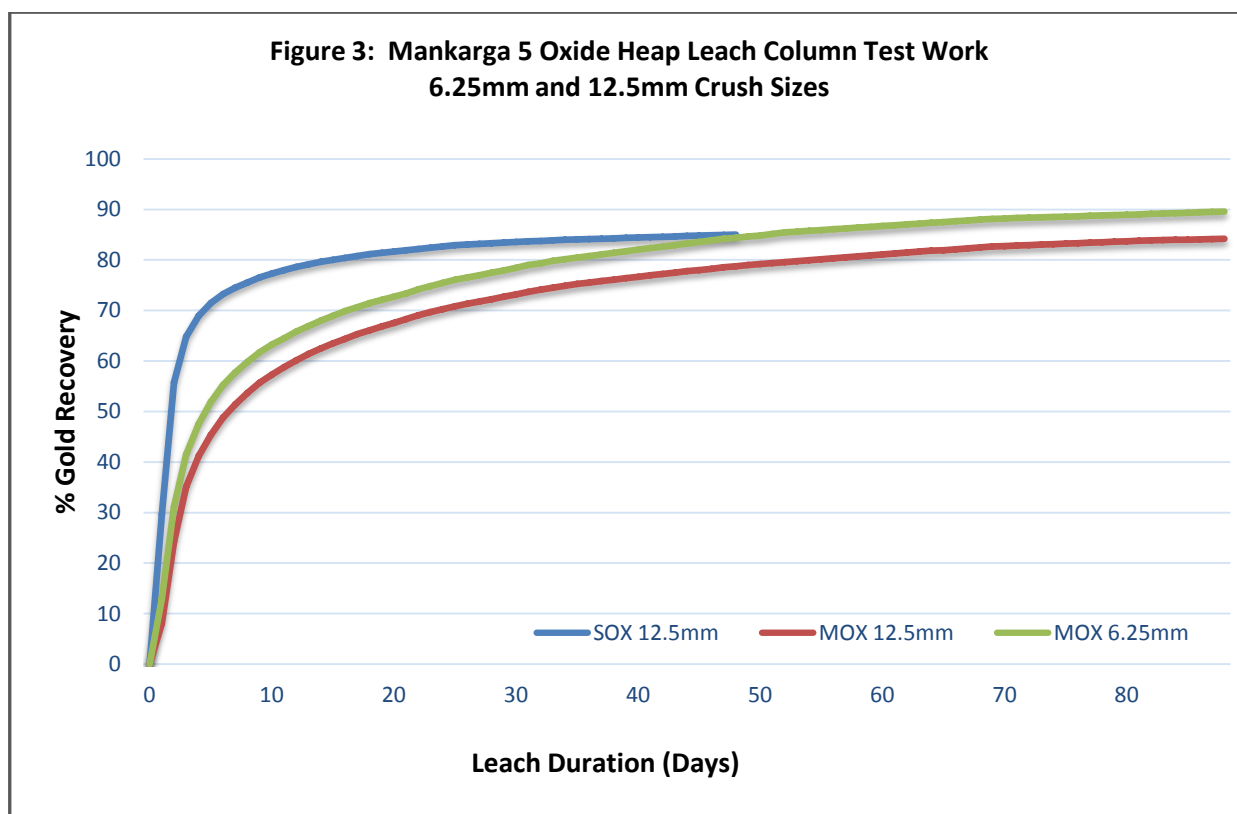


Table 3 - Mankarga 5 Project Heap Leach Column Test Work							
Test No	Crush Size P100 (mm)	Oxidation State	Cement Addition Kg/t	Overall % Gold Extraction	Leach Duration	Head Au (ppm)	Leach Residue Au (g/t)
JR1093	12.5	MOX	5	84.18	81	0.90	0.14
JR1094	12.5	SOX	10	85.06	41	1.05	0.16
JR1095	6.25	MOX	5	89.61	81	0.93	0.10

A series of percolation and agglomeration tests were also carried out on the SOX and MOX samples in preparation for column leach testing. Table 4 provides a summary of the results.

Table 4 - Mankarga 5 Project Agglomeration and Percolation Rates						
Sample	Crush	Cement kg/t	Slump %	Pellet Quality	pH of drainage	Percolation L/m2/h
SOX	12.5	5	9.8	Fail	9.75	1,300
SOX	12.5	7	5.3	Fair	9.48	18,750
SOX	12.5	10	0	Good	9.55	21,500
MOX	12.5	5	8.9	Good	9.55	27,000
MOX	6.25	5	7	Good	9.75	20,350

Based on this test work SOX sample requires more than 5kg/t of cement for adequate agglomeration whilst the MOX sample presented good characteristics at 5kg/t. The 10kg/t cement addition to the SOX material provided very good

agglomerates and zero slump suggesting 10 kg/t is in excess of what would be required. All samples reported very high percolation rates after appropriate cement dosage.

Abrasion indices (Ai) and Ball Mill Work Indices (BWI) were determined for the MOX and fresh (FRS) samples. The MOX values can be expected to be higher than the SOX material, whilst the FRS result higher than the other three ore types, as the FRS composition has not been compromised by oxidation.

Both samples provided very low Abrasion and Ball Mill Work Indices. This suggests that all ore types will be able to be processed with conventional heap leach processing using the 1.6Mtpa heap leach plant as part purchased by the Company in February last year. Test work shows that equipment wear rates and power consumption associated with processing will be low to very low by industry standards.

During the quarter, six metallurgical test work holes were drilled. Approximately 1.5t of whole drill core was airfreighted to ALS Ammtec in Perth. Current test work programs are to be incorporated into the BFS.

Summary of Resource Estimate and Reporting Criteria

A summary of the material information used to estimate the mineral resource is presented below in accordance with JORC reporting guidelines. A more detailed description is contained in Appendix 1.

Geology and Geological Interpretation

Rocks in the Mankarga 5 area comprise metasediments and volcano sedimentary units which have been intruded by diorite and granodiorite. The project area hosts shear zone type quartz-vein gold mineralisation. Gold mineralization at Mankarga 5 is associated with quartz veining with silica, sulphide and carbonate-albite, tourmaline-biotite alteration. The mineralised shear hosting mineralisation can be traced on 100m and 50m spaced sections over almost 3km. The mineralisation interpretation utilised a 0.2 g/t Au edge cut-off for overall shear zone mineralisation. Within this discrete higher grade Hanging-wall and Foot-wall zones were modelled using a 0.5 g/t Au edge cut-off.

Sampling and sub-sampling techniques

WAF and CHU RC samples were split and sampled at 1m and 2m intervals respectively using a three-tier riffle splitter. Diamond core is a combination of HQ, NQ2 and NQ3 sizes and all Diamond core was logged for lithological, alteration, geotechnical, density and other attributes. In addition, WAF Diamond core was logged for structural attributes. QAQC procedures were completed as per industry standard practices.

Drilling Techniques

The area of the Mankarga 5 resource was drilled using Reverse Circulation (RC), Aircore (AC) and Diamond drill holes (DD) on a nominal 100m x 25m grid spacing with infill on 50m spaced lines in several areas. A total of 116 AC holes (4601m) and 8 DD holes (1283.2m) were drilled by West African Resources (WAF) in 2013-2014. A total of 60 RC holes (7296.2m) and 71 DD holes (15439.6m) were drilled by Channel Resources (CHU) in 2010-2012. Holes were angled towards 120° or 300° magnetic at declinations of between -50° and -60°, to optimally intersect the mineralised zones.

Classification

Resource classification was based on geological confidence and spatial review of quality coding which reflected the quality of the estimate for each block. Areas within the Hanging Wall and Footwall zones that had high confidence estimate values, had sufficient drilling density (<50m spaced drilling) or were proximal to 100m by 25m spaced drill lines were assigned as Indicated Resources. The remainder was classified as Inferred.

Sample analysis method

Historic and recent RC and diamond core samples were crushed, dried and pulverised (total prep) to produce a sub sample for analysis for gold by 50g standard fire assay method (FA) followed by an atomic absorption spectrometry (AAS) finish.

Estimation Methodology

Ordinary kriging was selected as the most appropriate method for estimating Au for the Mankarga 5 deposit. A block size of 5m X, 25m Y and 10m Z was selected as an appropriate block size for estimation given the drill spacing (50 to 100m strike spacing), mineralisation geometry and the likely potential future selective mining unit (i.e. appropriate for potential open pit mining). A zone and zone percentage coding was used to accurately represent domain volumes.

Cut-off grades

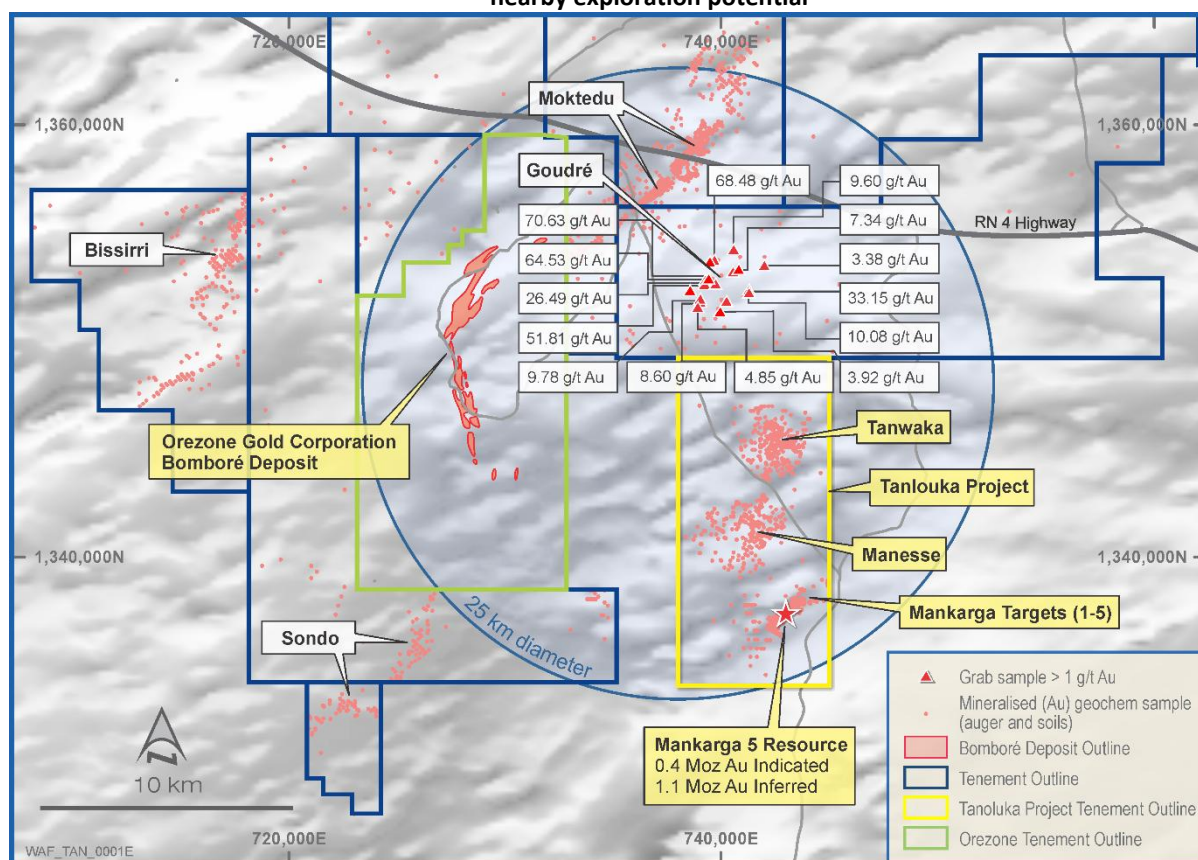
The resource is reported at cut-offs of 0.5 g/t Au and 1.0 g/t Au which were considered reasonable and reflect that the final cut-off determination will be dependent on the scale of any potential future operation. High yield limits were used to restrict the influence of high outlier grades. A high yield limit of 10 g/t Au was used based on the 99th percentile values. The high yield limit was restricted to within 25m of an outlier grade. The removal of outlier grades removes approximately 8% of reported Au metal.

Mining and metallurgical methods and parameters and other material modifying factors

The most likely development scenario for the deposit is as an open cut (pit) mine. No mining dilution has been applied to the reported estimate.

Test work completed to date has confirmed heap leach potential of oxide material with recoveries of up to 90% and averaging 86% returned in column heap leach cyanidation test work (ASX, TSXV: 14/10/2014). Test work also demonstrated low cyanide consumption of 0.3-0.4kg/t.

Figure 4: South-Western Boulsa Project – Location of Mankarga 5 deposit and nearby exploration potential



As announced on 5 March 2014, West African entered into an agreement to acquire the remaining 10% of the Tanlouka Permit, part of the Boulsa Project, Burkina Faso. The acquisition will take West African to 100% ownership of the permit.

The acquisition, which is conditional on completion of a positive feasibility within 18 months, comprised the following consideration:

- US\$50,000 on execution of the agreement
- Issue of 2,500,000 ordinary shares in West African Resources Ltd and payment of US\$250,000 following completion of a positive feasibility study on the Tanlouka permit.

CORPORATE

Macquarie Bank Loan Facility

During the quarter the Company executed final documentation with the Metals & Energy Capital Division of Macquarie Bank Limited (Macquarie) for a two-year US\$5 million convertible loan facility (Facility). The executed documentation followed West African's announcement on 29 October 2014, that it had signed a committed term sheet for the US\$5 million facility subject to Macquarie finalising its due diligence and documentation process. Drawdown was completed on 23 December 2014.

The US\$5 million facility will provide all necessary funding to complete the Bankable Feasibility Study (BFS) for the Company's Mankarga 5 Heap Leach Gold Project in Burkina Faso. A scoping study, released in July 2014, demonstrated Mankarga 5 to be a low capital cost, high margin, heap leach starter project.

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The key terms of the Convertible Loan Agreement are as follows:

- Committed loan facility for up to US\$5 million, to be drawn down as a single loan.
- Cash interest is payable on the facility.
- Bullet repayment on the earlier of 30 September 2016 and the date on which WAF receives proceeds from a project financing or capital raising.
- Drawdown of the Facility was subject to a number of conditions, including the issue of 40,545,224 unlisted options (Options), exercisable at A\$0.14 on or before 30 September 2017 to Macquarie. Any funds received by WAF through the conversion of the Options will be applied against the outstanding Facility amount, reducing the outstanding debt owed to Macquarie.
- The Facility is secured against all assets of WAF and its wholly-owned subsidiary, Channel Resources Limited.
- The Convertible Loan Agreement contains other customary features, including customary representations and warranties, undertakings and events of default for facilities of this nature.

West African will be releasing an upgraded Mineral Resource Estimate and Pre-Feasibility Study (PFS) early in the March 2015 quarter, with a Bankable Feasibility Study expected to be completed in mid 2015. The Company anticipates completion of project finance arrangements for the construction and development of Mankarga 5 mid 2015.

OUTLOOK

Near-term Strategy

In October 2014, Burkina Faso experienced civil unrest due to former President Compaore's attempt to change the constitution to extend presidential term limits. The attempted change was met by public demonstrations and civil disobedience prompting Compaore's resignation. In November, an interim President and Prime Minister were appointed to guide a transition process back to democratic rule. Later in November an interim government was installed and the first meeting of the Burkina Faso Council of Ministers was held on 23 November 2014.

During this period, the Company experienced disruptions on site in early November due to an increase in artisanal mining activity and as a precautionary measure work was halted on the project to ensure safety of our employees and contractors. Disruptions on site were resolved through the positive actions of senior Company personnel and local authorities. No significant loss or damage to Company property was experienced, however a delay to the project timeline of about three months is expected. Field work recommenced in the first week of January 2015. The Company continues to monitor events in Burkina Faso and welcomes the news that democratic elections will be held in October 2015. An updated project timeline is presented below.

Table 6 Timeline of Key Deliverables for the Mankarga 5 Project												
	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Drilling												
Scoping Study Heap Leach (Stage 1)			✓									
Resource upgrade / PFS	✓				•							
Metallurgical Tests		✓				•						
Bankable Feasibility Study						•						
Permitting							•					
Project Financing							•					
Construction									•			
Production												

TECHNICAL INFORMATION AND QUALIFIED PERSONS

All technical information in this MD&A has been prepared under the supervision of Richard Hyde, who is the Company's "Qualified Person" under the definition of NI 43-101.

Mineral Resources which are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates presented in this report are by nature imprecise and depend, to a certain extent, upon geological interpretation and statistical inferences that are based on drilling information that may ultimately prove to be unrepresentative or unreliable. They may be materially affected by geology, environment, permitting, legal, title, taxation, socio-political, marketing or other relevant issues. Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Figures presented may not sum due to rounding. Significant figures do not indicate added level of precision.

Information in this announcement that relates to mineral resources is based on, and fairly represents, information and supporting documentation prepared by Mr Don Maclean, a consultant of Ravensgate Mineral Industry Consultants, an independent consultancy group specialising in mineral resource estimation, evaluation and exploration. Mr Don Maclean is a Member of the Australian Institute of Geoscientists and a Registered Professional Geologist (Exploration and Mining). Mr Maclean 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.

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RESULTS OF OPERATIONS

Summary of Quarterly Results

	Three Months Ended 31-Dec-14 ("Q215") \$	Three Months Ended 30-Sep-14 ("Q115") \$	Three Months Ended 30-Jun-14 ("Q414") \$	Three Months Ended 31-Mar-14 ("Q314") \$	Three Months Ended 31-Dec-13 ("Q214") \$	Three Months Ended 30-Sep-13 ("Q114") \$
Revenue	4,710	29,467	19,447	27,656	14,593	25,173
Total assets	6,928,586	1,676,509	3,090,192	1,766,523	3,366,482	5,161,439
Plant and equipment	316,256	378,376	450,592	382,152	420,171	475,817
Working capital	6,042,116	892,397	2,034,903	931,718	1,220,478	2,503,791
Shareholders' equity	185,532	1,270,773	2,485,495	1,313,870	3,018,552	4,547,019
Net loss attributable to shareholders	(3,274,041)	(1,220,884)	(1,658,054)	(8,761,369)	(1,575,582)	(1,655,638)
Loss per share, basic and diluted	(0.012)	(0.004)	(0.008)	(0.036)	(0.007)	(0.017)

Total assets were significantly higher at the end of Q215 as a consequence of cash increasing to \$6,018,519 from the drawdown in December 2014 of the two-year USD5 million loan facility with the Metals & Energy Capital Division of Macquarie Bank Limited ('Macquarie').

Whilst exploration expenditure was more or less in line with expenditure for Q115, administration expenditure increased by approximately \$2,408,000 compared to Q115 as a consequence of incurring the facility fee in connection with the Macquarie loan and bringing to account a share based payment expense in respect of 40.5 million options issued to Macquarie. These options were valued using the Black Scholes valuation methodology and resulted in \$2.183 million being brought to account as a non-cash share based payment expense. The net loss for Q215 was reduced as a consequence of bringing to account a research and development tax benefit of approximately \$280,000.

The loss attributable to shareholders was significantly higher for Q314. Included in exploration expenses for that quarter was the exploration property interests acquired on the acquisition of Channel Resources Ltd. This acquisition was determined to be an asset acquisition, rather than a business combination, as the substance and intent of the transaction was for the Group to acquire the exploration and evaluation assets of Channel for the purpose of expanding the Group's overall resource base. The vehicle containing the assets was of no consequence to the underlying substance and intent of the transaction. Consistent with the Company's accounting policy, \$8.0m comprising exploration property interests have been expensed.

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Summary of Financial Results

	3 months ended		6 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	\$	\$	\$	\$
Administration Expenses	(2,731,508)	(451,174)	(3,028,963)	(974,465)
Exploration Expenses	(881,212)	(951,025)	(1,780,138)	(2,125,965)
Share of loss of equity accounted investees	-	(185,141)	-	(185,141)
Foreign exchange gain	-	3,990	-	24,532
Other income	4,710	10,603	7,623	15,234
Loss before income taxes	(3,608,010)	(1,572,747)	(4,801,478)	(3,245,805)
Income tax benefit	279,478	-	279,478	-
Net loss after tax	(3,328,532)	(1,572,747)	(4,522,000)	(3,245,805)
Foreign currency translation differences for foreign operations	54,491	(2,835)	27,075	14,585
Net loss attributable to the Company's shareholders	(3,274,041)	(1,575,582)	(4,494,925)	(3,231,220)
Net loss per common share, basic and diluted	(0.012)	(0.007)	(0.017)	(0.016)

The Company's accounting policy for exploration expenditure is to expense it as incurred. The reported net loss in the Company's consolidated financial statements reflects the administrative expenses required to support the exploration activities in Burkina Faso as well as other items offset by other income.

The reported net loss for Q215 primarily reflects exploration expenditure incurred on the Tanlouka project in Burkina Faso, together with administrative expenses required to support those exploration activities. The exploration expenses for Q214 related mainly to the Sartenga and Moktedu projects in Burkina Faso.

In addition, during Q214 the Company brought to account its share of an operating loss of \$185,141 for its equity accounted 19.9% investment in Channel Resources Limited, which was acquired in September 2013. Subsequent to the December 2013 quarter end, 100% of Channel was acquired pursuant to a Plan of Arrangement.

Expenditures and Other Income

	3 months ended		6 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	\$	\$	\$	\$
Regulatory and compliance expense	(13,209)	(4,439)	(52,394)	(49,156)
Office expense	(7,742)	(64,067)	(38,204)	(90,439)
Depreciation expense	(74,994)	(33,860)	(148,866)	(165,209)
Personnel expense	(101,419)	(79,969)	(147,231)	(113,719)
Travel and accommodation expense	(1,652)	(9,093)	(8,698)	(8,876)
Property expense	(7,402)	(9,006)	(32,083)	(22,791)
Consulting fee expense	(254,125)	(180,160)	(316,107)	(272,086)
Audit fees	(14,243)	(5,965)	(22,800)	(17,647)
Director's fees	(26,250)	(17,500)	(52,500)	(35,000)
Share based payments	(2,188,800)	(47,115)	(2,194,962)	(199,542)
Foreign exchange loss	(26,670)	-	(116)	-
Interest expense	(15,002)	-	(15,002)	-
	(2,731,508)	(451,174)	(3,028,963)	(974,465)

Expenditures, net of other income, increased to \$2,731,508 in Q215 as compared to \$451,174 in Q214. The significant variations in expenditures and other income in the current reporting periods, as compared to those in the preceding year, are described below:

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- Increase in the consulting fee expenses due to the USD125,000 fee paid to Macquarie Bank Ltd for the convertible loan facility,
- An overall increase in the share based payments expense as a result of bringing to account \$2.183 million, being the Black Scholes valuation of the options issued to Macquarie in respect of 40.5 million options issued for services provided, pursuant to the aforementioned loan facility. Offsetting the increase was a marginal decrease in the share based payments expense, as previously Directors options and third party options were brought to account during Q214; and
- Increase in the interest expense due to the interest accrual on the USD 5 million convertible loan facility, which was drawn down on 23 December 2014.

SUMMARY OF QUARTERLY RESULTS AND FINANCIAL POSITION

	Three Months Ended 31-Dec-14 ("Q215") \$	Three Months Ended 31-Dec-13 ("Q214") \$
Revenue	4,710	14,593
Total assets	6,928,586	3,366,482
Plant and equipment	316,256	420,171
Working capital	6,042,116	1,220,478
Shareholders' equity	185,532	3,018,552
Net loss attributable to shareholders	(3,274,041)	(1,575,582)
Loss per share, basic and diluted	(0.012)	(0.007)

LIQUIDITY AND CAPITAL RESOURCES

Revenue and Reliance on Equity Financing

With the exception of interest earned on money market deposits, the Company does not have any revenue or cash inflows from its operations. Its operational activities during the current reporting periods were financed by the Company's working capital carried forward from the preceding period.

At present, the Company's financial success is dependent on management's ability to discover economically viable mineral deposits and to raise required funding through equity or debt issuances, asset sales or a combination thereof.

In December 2014, the Company drew down a two-year US\$5 million convertible loan facility loan with the Metals & Energy Capital Division of Macquarie Bank Limited to fully fund the completion of the Company's Feasibility Study for the Mankarga 5 Heap Leach Gold Project in Burkina Faso.

The mineral exploration process can take many years to advance to development and production, and is subject to various factors that are beyond the Company's control.

As of December 31, 2014, the Company had working capital of \$6,042,116 (June 30 2014 \$2,034,903).

Sources and Uses of Cash

As of December 31, 2014, the Company had cash and cash equivalents of \$6,231,588 (June 30, 2014 - \$2,522,917).

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Cash and cash equivalents include bank and money market deposits, which are highly liquid short-term interest bearing investments.

The increase in cash and cash equivalents by 415% from \$1,211,055 to \$6,231,588 during the three months ended December 31, 2014 and the comparison to cash movements in the previous corresponding period, arose due to the following:-

Operating cash flows

Cash outflows from operating activities were \$998,949 (Q214: \$1,458,276) and this decrease arose mainly because of the reduction in exploration expenditure, which did not include payments for the renewal of existing permits in Burkina Faso, as included in the previous corresponding period.

Investing cash flows

Cash outflows from investing activities were \$3,131 (Q214: \$261,644) and this decrease arose mainly due to the legal costs incurred in relation to the Channel Resources Ltd Plan of Arrangement transaction during the previous corresponding period

Financing cash flows

Cash flows from financing activities were \$6,018,519 (Q214: (\$87)) due to the drawdown in December 2014 of the two-year USD5 million convertible loan facility with the Metals & Energy Capital Division of Macquarie Bank Limited.

Capital Risk Management

The Company has a convertible loan for USD5 million and cash interest is payable on the facility. A term of the agreement is a bullet repayment on the earlier of 30 September 2016 and the date on which WAF receives proceeds from a project financing or capital raising. The facility is secured against all assets of WAF and its wholly-owned subsidiary Channel Resources Ltd. In the opinion of management, the fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Outstanding Share Capital

As of the date of this MD&A, the Company has 270,301,498 ordinary shares on issue and 61,567,131 incentive stock options and warrants at a weighted average exercise price of \$0.45 per share.

OFF BALANCE SHEET ARRANGEMENTS

There are no off balance sheet arrangements.

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TRANSACTIONS WITH RELATED PARTIES

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

Controlled entities	Country of incorporation	Percentage Owned	
		31/12/2014 %	30/06/2014 %
Parent Entity:			
West African Resources Ltd	Australia		
Subsidiaries of West African Resources Ltd:			
Wura Resources Pty Ltd SARL	Burkina Faso	100	100
Wura Uranium Resources Pty Ltd	Australia	100	100
Swan Resources SARL	Burkina Faso	100	100
Hawthorn Resources SARL	Burkina Faso	100	100
West African Resources Exploration SARL	Burkina Faso	100	100
West African Resources Development SARL	Burkina Faso	100	100
West African Resources Ltd SARL	Burkina Faso	100	100
Channel Resources Ltd	Canada	100	100
which owns			
Channel Resources (Cayman I) Ltd	Cayman	100	100
which owns			
Channel Resources (Cayman II) Ltd	Cayman	100	100
which owns			
Tanlouka SARL	Burkina Faso	100	100

The Company finances the operations of all of its subsidiaries and thus these companies will have unsecured borrowings from the Company that are interest free and at call. The ability for these controlled entities to repay debts due to the company (and other parties) will be dependent on the commercialisation of the mining assets owned by the subsidiaries.

	Consolidated	
	3 months ended	
	31-Dec-14 \$	31-Dec-13 \$
Amounts payable to Directors for Directors Fees	27,125	9,625
Amounts payable to Directors for Consulting Fees	29,787	29,787

(a) Details of Key Management Personnel

Directors

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

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(b) Compensation of Key Management Personnel

	Consolidated		Consolidated	
	3 months ended		6 months ended	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	\$	\$	\$	\$
Short-term employee benefits	107,485	120,930	192,500	223,926
Share-based payments	-	47,115	-	199,542
	107,485	168,045	192,500	423,468

(c) Other transactions and balances with Key Management Personnel

	Consolidated		Consolidated	
	3 months ended		6 months ended	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	\$	\$	\$	\$
Directors				
The Director and Company Secretary, Mr Storm is a director and shareholder of Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services to the company on normal commercial terms. \$3,745 / month of this amount relates to Company Secretarial remuneration for Mr Storm's services.	21,385	22,805	45,810	49,351
The Managing Director, Mr Hyde, is a director and shareholder of Azurite Consulting Pty Ltd which has provided consultancy services to the company on normal commercial terms amounting to \$70,000 / quarter.	70,000	70,000	140,000	140,000
The Director, Mr Harper, is a director and shareholder of Blackwood Capital Ltd which has provided consultancy and capital raising services to the company on normal commercial terms. \$8,750 / quarter of this amount relates to directors' remuneration.	8,750	8,750	17,500	179,678
The Director, Mr Ross, is a director and shareholder of Roman Resource Management Pty Ltd which has provided consulting services to the company on normal commercial terms. \$8,750 / quarter of this amount relates to directors' remuneration.	-	8,750	-	17,500
The Director, Mr Lulin (appointed 29 January 2014) , is paid directors fees of \$8,750 / quarter.	8,750	-	17,500	-
The Director, Mr Jones (appointed 28 February 2014) , is paid directors fees of \$8,750 / quarter.	8,750	-	17,500	-
	117,635	110,305	238,310	386,529

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As of the date of this MD&A, the Company has Service agreements with key management as described herein:-

The Company has entered into a consultancy agreement with Azurite Consulting Pty Ltd, an entity associated with Richard Hyde, for the term of 3 years until June 2016, for the provision of technical and corporate services. Annual fees payable to Azurite are \$280,000 plus GST to be reviewed annually. The Company may terminate the consultancy agreement on 1 month's notice by paying 12 months of consultancy fees. Azurite may terminate the consultancy agreement due to breach or upon 3 months notice.

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

Non-executive directors are paid fees of \$35,000 per annum.

SUBSEQUENT TO QUARTER END TRANSACTIONS

There has not arisen in the interval between the end of Q214 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

CRITICAL ACCOUNTING ESTIMATES

The Company's consolidated annual financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS"). IFRS requires Management to make certain judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Estimates and assumptions are continuously evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates. The effect of a change in accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

Significant judgments and assumptions include those related to the determination of functional currency and determination of asset retirement obligations and environmental liabilities. Significant estimates include the assumptions used in valuation of share-based payments.

Functional currency

The analysis of the functional currency for each entity of the Company is in accordance with *IAS 21, the Effects of Changes in Foreign Exchange Rate*, and management determined that the functional currency of Wura Resources SARL and Tanlouka SARL is the West African CFA franc and for all other entities within the Company, the functional currency is Australian dollars, as these are the currencies of the primary economic environment in which the companies operate.

Asset retirement obligations and environmental liabilities

The Company assesses its asset retirement obligations and environmental liabilities at each reporting date, assessing if a provision is required based on current activity. The provision (if any) at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Share-based payments

The Company measures the cost of equity-settled transactions with employees or service providers by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant or transaction. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield (where relevant) and making assumptions about them.

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FINANCIAL INSTRUMENTS

The Company's financial instruments at December 31, 2014 and June 30, 2014 include the following:

Financial Instruments	31-Dec-14 \$	30-Jun-14 \$
Cash and cash equivalents	6,231,588	2,522,917
Accounts receivable	347,800	83,741
Financial assets	32,942	32,942
Accounts payable	570,214	604,697
Borrowings	6,172,840	-

Cash and cash equivalents include bank deposits and highly liquid short-term investments with original maturities of three months or less. Accounts receivable, and accounts payable and accrued liabilities are incurred in the normal course of business. All receivables are considered current and there were no receivables which are past due or impaired. Trade payables are non-interest bearing and are normally settled on 30-day terms.

The borrowings are a 7.8% secured loan of US\$5,000,000 with the Metals & Energy Capital Division of Macquarie Bank Limited. The Facility is secured against all assets of West African Resources and its wholly-owned subsidiary, Channel Resources Limited. Drawdown of the Facility was subject to a number of conditions, including the issue of 40,545,224 unlisted options, exercisable at A\$0.14 on or before 30 September 2017. Any funds received by West African Resources through the conversion of the options will be applied against the outstanding facility amount, reducing the outstanding debt owed to Macquarie. The Convertible Loan Agreement contains other customary features, including customary representations and warranties, undertakings and events of default for facilities of this nature.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

In the current reporting period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014. The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the three months ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

CONTROLS AND PROCEDURES

The Company maintains information systems, procedures and controls to provide reasonable assurance that information used internally and disclosed externally is complete and reliable. The Company continues to review and develop internal controls, including disclosure controls and procedures for financial reporting that are appropriate for the nature and size of the Company's business. Access to material information regarding the Company is facilitated by the small size of the Company's senior management team and workforce. The Company is continuing to develop appropriate controls for the nature and size of the Company's business.

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Any internal controls, no matter how well conceived and operated, cannot provide absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion between two or more people, or by unauthorized override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

RISKS AND UNCERTAINTIES

The following description of risks and uncertainties is not all-inclusive as it pertains only to conditions currently known to management. There can be no guarantee or assurance that other factors will adversely affect the Company.

Risks Inherent in the Mining and Metals Business

The business of exploring for minerals is inherently risky. None of the properties in which WAF has an interest has a known body of commercial ore. Development of WAF's mineral properties will only follow upon obtaining satisfactory exploration results. Few properties that are explored are ultimately developed into producing mines. Mineral properties are often non-productive for reasons that cannot be anticipated in advance. The economics of developing gold, copper and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most exploration projects do not result in the discovery of commercially mineable deposits of ore. Title claims can impact the exploration, development, operation and sale of any natural resource project. Any such eventuality could have a material adverse effect on WAF. There can be no assurance that WAF's mineral exploration and development activities will result in any discoveries of commercially viable bodies or ore.

Commodity Prices

The price of the WAF Shares and WAF's financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in metal prices. Metal prices fluctuate widely and are affected by numerous factors beyond WAF's control. WAF's value and future revenue, if any, are in large part derived from such commodity prices or the mining and sale of metal ores or interests related therein. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of WAF's exploration projects, cannot be accurately predicted.

Financing Risks

WAF has no history of earnings and no source of operating cash flow and, due to the nature of its business; there can be no assurance that WAF will be profitable. WAF has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to WAF is through the sale of its equity shares. Even if the results of exploration are encouraging, WAF may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While WAF may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available. If available, future equity financings may result in substantial dilution to purchasers.

Foreign Operation Risk

WAF has mineral interests in Burkina Faso, West Africa. Any changes in regulation or shift in the political attitudes in Burkina Faso, which are beyond WAF's control, may adversely affect its business and perception of same within the market environment and could have an adverse impact on WAF's valuation or the price of WAF Shares.

Currency Exchange Rate Fluctuations

Currency exchange rates may impact the cost of exploring WAF's projects. WAF financings are usually in Australian dollars, but more recently the Macquarie loan facility is denominated in US dollars, and its exploration costs have been incurred primarily in Australian dollars, Euros, British Pounds, United States dollars and CFA Francs. Fluctuations in the exchange rates between these currencies may impact WAF's exploration activities and financial results, and there is no assurance that such fluctuations, if any, will not adversely affect WAF's operations.

Environmental Protection and Permitting

All phases of WAF's operations are subject to environmental protection regulation in the various jurisdictions in which it operates. Environmental protection legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental protection regulations, if any, will not adversely affect WAF's operations.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and WAF may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of WAF.

Acquisition

WAF uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, WAF may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance such acquisitions and development, or integrate such opportunity and their personnel with WAF. WAF cannot guarantee that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition will ultimately benefit WAF.

Permits and Licenses

The operations of WAF may require licenses and permits from various governmental authorities. There can be no assurance that WAF will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Reliance on Key Personnel

The nature of the business of WAF, the ability of WAF to continue its exploration and development activities and to thereby develop a competitive edge in the marketplace depends, in a large part, on the ability of WAF to attract and maintain qualified key management personnel. Competition for such personnel is intense, and there can be no assurance that WAF will be able to attract and retain such personnel. The development of WAF now and in the future, will depend on the efforts of key management figures, the loss of whom could have a material adverse effect on WAF. WAF does not currently maintain key-man life insurance on any of the key management employees.

Competition

The mining industry is intensely competitive in all of its phases, and WAF competes with many companies possessing greater financial resources and technical facilities. Competition in the mining business could adversely affect WAF's ability to acquire suitable properties or prospects for mineral exploration or development or to attract and retain suitably qualified and experienced people to develop corporate growth strategies and to efficiently execute corporate plans.

Dilution

WAF has outstanding WAF Options as detailed in the most recent financial statements for the half year ended December 31, 2013. Should these securities be exercised, the holders have the right to purchase additional WAF Shares, in accordance with these securities' terms. During the life of these securities, the holders have the opportunity to profit from a rise in the market price of the WAF Shares, possibly resulting in the dilution of existing securities.

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Land Title

Any of WAF's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. WAF has no knowledge of any material defect in the title of any of the properties in which WAF has or may acquire an interest.

For further information contact:

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Email: info@westafricanresources.com	

APPENDIX 1

Section 1: Sampling Techniques and Data		
Criteria	JORC Code Explanation	Commentary
Sampling Technique	<p>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</p>	<p>The Mankarga Resource is being drilled using Diamond Core Drilling (DD) and Reverse Circulation (RC) drilling. The drill spacing is being in-filled to a nominal 100m x 20m grid spacing. A total program of 7500m is proposed. Holes were angled towards 120° magnetic where possible at declinations of -50°, to optimally intersect mineralised zones. All RC samples were weighed to determine recoveries. All potentially mineralised zones were then split and sampled at 1m intervals using three- tier riffle splitters. QA/QC procedures were completed as per industry best practice standards (certified blanks and standards and duplicate sampling). Samples were dispatched to BIGS in Ouagadougou for sample preparation, where they were crushed, dried and pulverised to produce a sub sample for analysis. BIGS has a fire assay facility in Ouagadougou where 50g fire assays, AAS finishes and screen fire assays have been conducted. Historic sampling preparation and assaying was completed at Abilabs and SGS laboratories located in Ouagadougou. Historic samples we analysed by Fire Assay method with AAS finish.</p>
Drilling	<p>Drill type (e.g. core, reverse circulation, open- hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face- sampling bit or other type, whether core is oriented and if so, by what method, etc.)</p>	<p>Reverse Circulation "RC" drilling within the resource area comprises 4.5 inch diameter face sampling aircore blade drilling and hole depths range from 13m to 60m. Diamond drilling in progress comprises both NQ and HQ diameter core, at holes between 75m and 350m depth.</p>
Drill Sample Recovery	<p>Method of recording and assessing core and chip sample recoveries and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</p>	<p>RC recoveries are logged and recorded in the database. Overall recoveries are >75% for the RC; there are no significant sample recovery problems. A technician is always present at the rig to monitor and record recovery.</p> <p>RC samples were visually checked for recovery, moisture and contamination.</p> <p>The bulk of the Resource is defined by DD and RC drilling, which have high sample recoveries. The style of mineralisation, with common higher-grades, require large diameter core and good recoveries to evaluate the deposit adequately. The consistency of the mineralised intervals and density of drilling is considered to prevent any sample bias issues due to material loss or gain.</p>
Logging	<p>Whether core and chip samples have been geologically and geotechnical logged to a level of detail to support appropriate</p>	<p>Geotechnical logging was carried out on all diamond drill holes for recovery, RQD and number of defects (per interval).</p>

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	<p>Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean/Trench, channel, etc.) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<p>Information on structure type, dip, dip direction, alpha angle, beta angle, texture, shape, roughness and fill material is stored in the structure/Geotech table of the database.</p> <p>Logging of diamond core and RC samples recorded lithology, mineralogy, mineralisation, structural (DDH only), weathering, alteration, colour and other features of the samples. Core was photographed in both dry and wet form.</p> <p>All drilling has been logged to standard that is appropriate for the category of Resource which is being reported.</p>
Sub-Sampling Technique and Sample Preparation	<p>If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</p> <p>Whether sample sizes are appropriate to the grain size of the material being sampled.</p>	<p>RC samples were collected on the rig using a three tier riffle splitter. All samples were dry.</p> <p>The sample preparation for all samples follows industry best practice. BIGS in Ouagadougou for sample preparation, where they were crushed, dried and pulverised to produce a sub sample for analysis. Sample preparation involving oven drying, coarse crushing, followed by total pulverisation LM2 grinding mills to a grind size of 90% passing 75 microns.</p> <p>Field QC procedures involve the use of certified reference material as assay standards, blanks, and duplicates for the RC samples only. The insertion rate of these averaged 3:20 for RC. Field duplicates were taken on for both 1m RC splits using a riffle splitter. The sample sizes are considered to be appropriate to correctly represent the style of mineralisation, the thickness and consistency of the intersections.</p>
Quality of Assay Data and Laboratory Tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</p> <p>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</p>	<p>The laboratory used an aqua regia digest followed by fire assay for with an AAS finish for gold analysis.</p> <p>No geophysical tools were used to determine any element concentrations used in this Resource Estimate.</p> <p>Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 90% passing 75 micron was being attained.</p> <p>Laboratory QA/QC involves the use of internal lab standards using certified reference material, blanks, splits and duplicates as part of the in house procedures.</p> <p>Certified reference materials, having a good range of values, were inserted blindly and randomly. Results highlight that sample assay values are accurate and that contamination has been contained.</p> <p>Repeat or duplicate analysis for samples shows that the precision of samples is within acceptable limits.</p> <p>Sample preparation conducted and fire assay</p>

Section 1: Sampling Techniques and Data		
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		<p>performed by BIGS SARL -Assayed by 50g fire assay with AAS finish.</p> <p>QA/QC protocol: For diamond core one blank and one standard inserted for every 18 core samples (2 QA/QC samples within every 20 samples dispatched, or 1 QA/QC sample per 10 samples dispatched) and no duplicates.</p> <p>QA/QC protocol: For RC samples we insert one blank, one standard and one duplicate for every 17 samples (3 QA/QC within every 20 samples or 1 every 8.5 samples).</p>
Verification of Sampling and Assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes The verification of significant intersections by either independent or alternative company personnel.</p> <p>Discuss any adjustment to assay data</p>	<p>WAF's QP R. Hyde has verified significant intersections in diamond core and RC drilling.</p> <p>Primary data was collected using a set of company standard Excel™ templates on Toughbook™ laptop computers using lookup codes. The information was validated on-site by the Company's database technicians and then merged and validated into a final Access™ database by the company's database manager.</p>
Location of Data points	<p>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <p>Specification of the grid system used</p> <p>Quality and adequacy of topographic control</p>	<p>All drill holes have been located by DGPS in UTM grid WGS84 Z30N.</p> <p>Downhole surveys were completed at the end of every hole where possible using a Reflex downhole survey tool, taking measurements every.</p> <p>DGPS was used for topographic control.</p>
Data Spacing and Distribution	<p>Data spacing for reporting of Exploration Results Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</p> <p>Whether sample compositing has been applied</p>	<p>The nominal drill hole spacing is 20m (northwest) by 100m (northeast).</p> <p>The mineralised domains have demonstrated sufficient continuity in both geological and grade to support the definition of Mineral Resource and Reserves, and the classifications applied under the 2012 JORC Code.</p> <p>Historic samples have been composited to three meter lengths, and adjusted where necessary to ensure that no residual sample lengths have been excluded (best fit). WAF intends to update the Mankarga 5 Resource following the current work programs, in the first quarter of 2014.</p>

Section 1: Sampling Techniques and Data		
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Orientation of Data in Relation to Geological Structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	The majority of the data is drilled to either magnetic 120° or 300° orientations, which is orthogonal/perpendicular to the orientation of the mineralised trend. The bulk of the drilling is almost perpendicular to the mineralised domains. Structural logging based on oriented core indicates that the main mineralisation controls are largely perpendicular to drill direction. No orientation based sampling bias has been identified in the data at this point.
Sample Security	The measures taken to ensure sample security	Chain of custody is managed by WAF Samples are stored on site and delivered by WAF personnel to BIGS Ouagadougou for sample preparation. Whilst in storage, they are kept under guard in a locked yard. Tracking sheets are used track the progress of batches of samples
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	WAF personnel completed site visits and data review during the due diligence period prior to acquiring Channel Resources Ltd. No material issues were highlighted. During 2012 AMEC completed a site visit and data review as part of the NI43-101 report dated 29 July 2012. No material issues were noted. A copy of the technical report is located on WAF's website.

Section 2 Reporting of Exploration Results		
Criteria	JORC Code Explanation	Commentary
Mineral Tenement and Land Tenure Status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.	The Boulsa Project tenements covers over 6,000km ² , granting the holders the right to explore for gold. The tenements have been acquired by either direct grant to WAF or its subsidiaries or by contractual agreements with tenement holders. Apart from the Tanlouka Agreement where Tanlouka SARL holds a 90% interest, all other vendor agreements provide WAF with the right to obtain an ultimate interest of 100%. All licenses, permits and claims are granted for gold. All fees have been paid, and the permits are valid and up to date with the Burkinabe authorities. The payment of gross production royalties are provided for by the Mining Code and the amount of royalty to be paid for ranges from 3% (<US\$1300), 4% (\$1300-1500) and 5% (>\$1500).
Exploration Done by Other Parties	Acknowledgment and appraisal of exploration by other parties.	Very little exploration has been carried out over greater project the tenement prior to WAF's involvement which commenced in 2008, with the exception of the Tanlouka Permit. The area comprising the Tanlouka Permit has been held by Channel Resources Ltd since the early 1990's. Work recommenced in earnest on the Tanlouka Permit in 2010. WAF acquired Channel Resources Ltd on January 17th 2014. Available historic records and data were reviewed by both WAF during Due Diligence prior to the acquisition.
Geology	Deposit type, geological setting and style of mineralisation.	The Boulsa Project straddles some 70km strike length of the Manga-Sebba greenstone belt, which bifurcates and trends northeast and east-northeast respectively from southern- central Burkina Faso into Niger over some 450km. The south- eastern portion of the project area covers the southern extension of the Fada N'Gourma Belt. Lithologies comprise volcano-plutonic bodies including amphibolised basalts with amphibolites, andesites and basalts, rhyolites and rhyodacites, brecciated tuffs, and gabbroic bodies including pyroxenite and serpentinite. Gold mineralisation in the project area is mesothermal orogenic in origin and structurally controlled. The project also contains shear hosted porphyry related copper-gold-molybdenum mineralisation on the Sartenga Permit which is believed to be unique in West Africa."

Section 2 Reporting of Exploration Results		
Criteria	JORC Code Explanation	Commentary
Drill hole Information	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole <ul style="list-style-type: none"> ○ down hole length and interception depth ○ hole length. <p>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</p>	<p>Intercepts that form the basis of this announcement are tabulated in Table 1 in the body of the announcement and incorporate Hole ID, Easting, Northing, Dip, Azimuth, Depth and Assay data for mineralised intervals. Appropriate maps and plans also accompany this announcement. Complete detailed data on the project is included in the NI-43101 Technical Reports available on the Company's website with the current report dated February 7, 2014.</p>
Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <p>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>All intersections are assayed on one meter intervals. No top cuts have been applied to exploration results. Mineralised intervals are reported with a maximum of 2m of internal dilution of less than 0.5g/t Au. Higher grade zones are reported with a maximum of 2g/t Au of internal dilution. Mineralised intervals are reported on a weighted average basis.</p>
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</p>	<p>The orientation of the mineralised zone has been established and the majority of the drilling was planned in such a way as to intersect mineralisation in a perpendicular manner. However, due to topographic limitations some holes were drilled from less than ideal orientations.</p>
Diagrams	<p>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</p>	<p>The appropriate plans and sections have been included in the body of this document.</p>

Section 2 Reporting of Exploration Results		
Criteria	JORC Code Explanation	Commentary
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All grades, high and low, are reported accurately with “from” and “to” depths and “hole identification” shown.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Preliminary metallurgical test work has been completed, with excellent results. Gold recoveries exceed 95% from oxide bottle roll tests, exceed 92% for sulphide bottle roll tests and a significant proportion of the gold is recoverable by gravity concentration. Additional metallurgical test work is planned.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Further infill drilling is planned and is ongoing, aimed at increasing the amount of resource categorized as Indicated, as well as upgrading some of the Indicated Resource to Measured status. Drilling aimed at increasing the Resource below the current depth extent is also planned. A program of dedicated metallurgical and geotechnical drill holes has commenced. A figure showing proposed work programs is included in the body of this report.

Technical Terms

Ag	Chemical symbol for silver.
Aircore Drilling	Reverse Circulation drilling method, using a blade bit. A drilling method in which the sample is brought to the surface inside the drill rods using compressed air, reducing contamination.
Au	Chemical symbol for gold.
Auger Drilling or spiral rods.	A drilling method in which the sample is brought to the surface via a helical
Cu	Chemical symbol for copper.
Diamond Drilling (DD)	A rotary drilling method with diamond impregnated bits to produce a solid, continuous core sample of the rock.
g/t	grams per tonne.
ICP	Inductively Coupled Plasma (ICP)
MAD	Mixed acid digest including Hydrofluoric, Nitric, Hydrochloric and Perchloric Acids. This extended digest approaches a total digest for many elements however some refractory minerals are not completely attacked.
Mo	Chemical symbol for molybdenum.
MS	Mass Spectrometry
OES	Optical Emission Spectrometry
ppb	parts per billion, e.g. 1000 ppb Au equals 1 ppm Au, or 1 g/t Au.
ppm	parts per million, equivalent to g/t.
RAB Drilling	Rotary Air Blast drilling. A drilling method in which the sample is brought to the surface outside of the drill rods using compressed air.
RC Drilling	Reverse Circulation drilling. A drilling method in which the sample is brought to the surface inside the drill rods using compressed air, reducing contamination.
Re	Chemical symbol for Rhenium.

Rhenium

Rhenium is a rare metal that is highly resistant to heat and wear. Rhenium resembles manganese chemically and is obtained as a by-product of molybdenum and copper ore.

XRF

X-ray fluorescence (XRF) is the emission of characteristic "secondary" (or fluorescent) X-rays from a material that has been excited by bombarding with high-energy X-rays or gamma rays. The phenomenon is widely used for chemical analysis.