



# **West African Resources Limited**

ABN 70 121 539 375

## **Interim Financial Report**

31 December 2015

# West African Resources Limited

(ABN 70 121 539 375)

## CORPORATE INFORMATION

### Directors

Mark Connelly (Non-Executive Chairman)

Richard Hyde (Managing Director)

Simon Storm (Non-Executive Director)

### Company Secretary

Simon Storm

### PRINCIPAL PLACE OF BUSINESS

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Scarborough 6019

Western Australia

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### SOLICITORS

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### REGISTERED OFFICE

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### SECURITY EXCHANGE AUSTRALIA

Australian Securities Exchange Ltd

Level 40, Central Park

152-158 St George's Terrace

Perth WA 6000

### WEBSITE

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### STOCK EXCHANGE CANADA

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### SHARE REGISTRY AUSTRALIA

Computershare Investor Services Pty Ltd

Level 2, 45 St George's Terrace

Perth WA 6000

T: +61 8 9323 2026

### AUDITORS

HLB Mann Judd

Level 4, 130 Stirling Street

Perth 6000

Western Australia

Ph: +61 (8) 9227 7500

Fax: +61 (8) 9227 7533

### SHARE REGISTRY CANADA

Computershare

510 Burrard Street, 3rd Floor

Vancouver, British Columbia V6C 3B9

T: 604 661 9436

Your directors submit their report for the Group for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act, the directors report as follows:

**Directors**

The names of directors who held office during or since the end of the half-year and until the date of this report are as follows. Directors were in office for this period unless otherwise stated.

Mark Connelly - Non- Executive Chairman  
Richard Hyde - Managing Director  
Simon Storm - Non- Executive Director and Company Secretary  
Jean-Marc Lulin - Non-Executive Director (Resigned 28 August 2015)  
Colin Jones – Non-Executive Director (Resigned 28 August 2015)

**Dividends**

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

**Principal Activities**

The principal activity of the Group during the half-year was mineral exploration focusing primarily on the Boulsa Gold project in Burkina Faso and the completion of a preliminary economic analysis on the Tanlouka permit.

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

**Review of results and operations**

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

**Operating results for the year**

The net loss of the Group for the half-year ended 31 December 2015 was \$3,891,964 (2014: \$4,522,000).

**Revenue**

Revenue comprised interest received. Interest was down 83% on the previous corresponding period as a consequence of lower cash balances and lower interest rates.

**Expenses**

During the half-year, the Company continued exploration activities at its main exploration project, Tanlouka, with expenditure on exploration increasing 34% to \$2,100,485 (2014: \$1,566,867). In addition work continued on the feasibility study of the Mankarga 5 deposit, with expenditure increasing 225% to \$693,740 (2014: \$213,271) The share based payments expense decreased 98% to \$35,490 (2014: \$2,194,962) due to the inclusion of the prior period issue of 40.5 million options to Macquarie, for services provided in relation to the loan facility in December 2014.

**Cash flows**

Cash and cash equivalents at 31 December 2015 decreased by 24% to \$2,652,637 (30 June 2015: \$3,511,892). The decrease in cash and cash equivalents during the six months ended 31 December 2015 arose due to the following reasons:-

**Operating cash flows**

Cash outflows from operating activities increased 31% to \$3,042,564 (2014: \$2,317,481) and this increase arose mainly because of the acquisition cost of USD 250,000 for the remaining 10% of the Tanlouka permit paid in November 2015 and the interest paid on the Macquarie loan, of \$265,364. The outflows were reduced by the R&D tax offset of \$278,340, which was received during the half-year.

**Investing cash flows**

Cash outflows from investing activities increased by 143% to \$9,440 (2014: \$3,879) due mainly to the acquisition of office furniture.

**Financing cash flows**

Cash inflows from financing activities decreased by 66% to \$2,016,924 (2014: \$6,018,519) which comprised the issue of 31,402,541 shares at 6.5 cents per share in December 2015, net of share issue costs. In the previous corresponding period, the two-year USD5 million convertible loan facility with the Metals & Energy Capital Division of Macquarie Bank Limited was drawn down.

**Statement of financial position****Current assets**

Current assets decreased by 24% to \$2,770,009 (30 June 2015: \$3,628,036) mainly due to cash and cash equivalents decreasing 24% to \$2,652,637 (30 June 2015: \$3,511,892).

**Non-current assets**

Non-current assets decreased by 42% to \$106,110 (30 June 2015: \$182,035) due to the ongoing depreciation of plant and equipment.

**Current liabilities**

Current liabilities increased by 1,065% to \$7,785,319 (30 June 2015: \$668,450), due to the reclassification of the Macquarie loan from a non-current to current liability.

**Non-current liabilities**

Non-current liabilities decreased to \$Nil (30 June 2015: \$6,493,506), due to the reclassification of the Macquarie loan from a non-current to current liability.

**Operational activities for the year****Exploration**

The Company's activities on its 100%-owned and 100%-earning gold and copper-gold projects in Burkina Faso, West Africa, for the half-year ending 31 December 2015 included:-

- 100% ownership of Tanlouka Permit completed;
- Mining licence application lodged;
- Environmental and Social Impact Assessment (ESIA) and Relocation Action Plan (RAP) completed, submitted and under review and consultation;
- Follow-up drilling at M3;
- Two zones of mineralisation at M3 identified, combined strike of 500m;
- Continued impressive results from M1 prospect;
- Follow-up RC drilling commenced in late December 2015;
- Gold mineralisation at M1 and M3 is located less than 2km from the proposed heap leach starter pit at Mankarga 5;
- Resource definition drilling to incorporate M1 and M3 into project resource inventory underway; and
- Recoveries of 97.5% gold from preliminary test work completed on M1 and M3 samples.

**Corporate**

West African completed a \$2.04 million placement during the quarter, which included a \$1m investment from major mining contractor Ausdrill. Under the placement, approximately 31.4 million fully paid ordinary shares were issued at 6.5 cents per share, to professional and sophisticated investors as defined under Section 708 of the Corporations Act.

West African is using proceeds of the Placement for exploration and development of Tanlouka, as well as for general working capital purposes. The group has stepped up the drilling program using Ausdrill rigs, designed to rapidly bring the M1 and M3 prospects to resource status, with the aim of significantly improving the existing 440,000oz gold heap leachable Probable Reserve.

**Future Business Strategy**

An updated resource estimate for the wider Mankarga project that incorporates material from M1, M3 and M5 prospects is expected to be completed by March 2016. Ausdrill rigs are on site completing resource definition drilling before the end of March 2016.

Initial metallurgical test work on samples from M1 and M3 returned average recoveries of 97.5% gold and demonstrated that oxides from these two prospects are amenable to conventional cyanide processing. Further metallurgical test work is being completed in 2016.

**Significant events after reporting date**

In January 2016, the Group completed a share purchase plan in which \$303,500 was raised through the issue of 4,669,214 ordinary shares at 6.5 cents to existing eligible shareholders.

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

**Auditor Independence**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial half-year report. This written Auditor's Independence Declaration is attached to the Auditor's Independent Review Report to the members and forms part of this Directors' Report.

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



**Richard Hyde**  
**Director**

Perth, 10 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	6 months ended 31-Dec-15 \$	6 months ended 31-Dec-14 \$
Revenue from continuing operations	1,316	7,623
Regulatory and compliance expense	(68,249)	(52,394)
Office expense	(88,170)	(38,204)
Depreciation expense	(93,740)	(148,866)
Personnel expense	(231,365)	(147,231)
Travel and accommodation expense	(24,421)	(8,698)
Property expense	(52,807)	(32,083)
Consulting fee expense	(156,926)	(316,107)
Audit fees	(8,500)	(22,800)
Directors' fees	(30,611)	(52,500)
Share based payments	(35,490)	(2,194,962)
Exploration related costs	(2,101,720)	(1,566,867)
Feasibility and scoping studies	(693,740)	(213,271)
Impairment of non current assets	(450)	-
Foreign exchange loss	(297,736)	(116)
Interest expense	(288,930)	(15,002)
<b>Loss before tax</b>	<b>(4,171,539)</b>	<b>(4,801,478)</b>
Income tax benefit	279,575	279,478
<b>Loss after tax</b>	<b>(3,891,964)</b>	<b>(4,522,000)</b>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified</b>		
<b>subsequently to profit or loss:</b>		
Foreign currency translation differences for foreign operations	38,323	27,075
<b>Other comprehensive income, net of income tax</b>	<b>38,323</b>	<b>27,075</b>
<b>Total comprehensive loss for the half- year attributable to the owners of West African Resources Ltd</b>	<b>(3,853,641)</b>	<b>(4,494,925)</b>
<b>Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company</b>		
Basic loss per share (cents per share)	(1.4)	(1.7)

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

The accompanying notes form part of the financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

Note	Consolidated	
	31-Dec-15 \$	30-Jun-15 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,652,637	3,511,892
Trade and other receivables	83,211	81,983
Financial assets	34,161	34,161
<b>Total Current Assets</b>	<b>2,770,009</b>	<b>3,628,036</b>
<b>NON-CURRENT ASSETS</b>		
Plant & equipment	106,110	182,035
<b>Total Non-Current Assets</b>	<b>106,110</b>	<b>182,035</b>
<b>TOTAL ASSETS</b>	<b>2,876,119</b>	<b>3,810,071</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	840,875	668,450
Borrowings	3 6,944,444	-
<b>Total Current Liabilities</b>	<b>7,785,319</b>	<b>668,450</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	3 -	6,493,506
<b>Total Non-current Liabilities</b>	<b>-</b>	<b>6,493,506</b>
<b>TOTAL LIABILITIES</b>	<b>7,785,319</b>	<b>7,161,956</b>
<b>NET (LIABILITIES)/ASSETS</b>	<b>(4,909,200)</b>	<b>(3,351,885)</b>
<b>EQUITY</b>		
Issued capital	4 34,188,256	32,173,325
Reserves	5,541,708	5,221,990
Accumulated losses	(44,639,164)	(40,747,200)
<b>TOTAL (DEFICIT)/EQUITY</b>	<b>(4,909,200)</b>	<b>(3,351,885)</b>

The accompanying notes form part of these financial statements

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Consolidated	
	6 months ended 31-Dec-15 \$	6 months ended 31-Dec-14 \$
	Inflows/(Outflows)	
<b>Cash Flows from Operating Activities</b>		
Payments to suppliers and employees	(584,417)	(427,581)
Exploration related expenditure	(1,392,585)	(1,685,250)
Feasibility and scoping expenditure	(714,649)	(213,271)
Purchase of prospects and investments	(363,531)	-
Interest received	1,316	8,621
Interest paid	(268,273)	-
Other - R&D tax offset	279,575	-
<b>Net cash outflow from operating activities</b>	<b>(3,042,564)</b>	<b>(2,317,481)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(9,440)	(3,879)
<b>Net cash outflow from investing activities</b>	<b>(9,440)</b>	<b>(3,879)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	2,041,165	-
Proceeds from convertible note facility	-	6,172,840
Share issue related costs	(24,241)	-
Convertible note related costs	-	(154,321)
<b>Net cash inflow from financing activities</b>	<b>2,016,924</b>	<b>6,018,519</b>
<b>Net (decrease)/increase in cash held</b>	<b>(1,035,080)</b>	<b>3,697,159</b>
Cash at the beginning of the financial period	3,511,892	2,522,917
Effect of exchange rate changes on the balance of cash held in foreign currencies	175,825	11,512
<b>Cash at the end of the financial period</b>	<b>2,652,637</b>	<b>6,231,588</b>

The accompanying notes form part of these financial statements



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated				
	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	32,173,325	(33,055,869)	428,304	2,939,735	2,485,495
Loss after tax	-	(4,522,000)	-	-	(4,522,000)
Net exchange differences on translation of the financial reports of foreign subsidiaries	-	-	27,075	-	27,075
Share based payments	-	-	-	2,194,962	2,194,962
<b>Balance at 31 December 2014</b>	<b>32,173,325</b>	<b>(37,577,869)</b>	<b>455,379</b>	<b>5,134,697</b>	<b>185,532</b>
<b>Balance at 1 July 2015</b>	<b>32,173,325</b>	<b>(40,747,200)</b>	<b>63,176</b>	<b>5,158,814</b>	<b>(3,351,885)</b>
Shares issued during the year net of transaction costs	<b>2,014,931</b>	-	-	-	<b>2,014,931</b>
Loss after tax	-	(3,891,964)	-	-	(3,891,964)
Net exchange differences on translation of the financial reports of foreign subsidiaries	-	-	38,323	-	38,323
Share based payments	-	-	-	281,395	281,395
<b>Balance at 31 December 2015</b>	<b>34,188,256</b>	<b>(44,639,164)</b>	<b>101,499</b>	<b>5,440,209</b>	<b>(4,909,200)</b>

The accompanying notes form part of these financial statements

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Accounting**

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

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

**(b) Adoption of new and revised standards**

In the half-year ended 31 December 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current half-year. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

**(c) Statement of Compliance**

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

**(d) Accounting policies and methods of computation**

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

**(e) Significant accounting judgments and key estimates**

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

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report for the year ended 30 June 2015.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### (f) Going Concern

Notwithstanding the fact that the Group has a net liability position of \$4,909,200 (30 June 2015: \$3,351,885), the directors are of the opinion that the Group is a going concern for the following reasons.

- The Group has successfully completed capital raisings during the prior year as disclosed in Note 4 and has the ability to continue doing so on a timely basis, pursuant to the Corporations Act 2001, as is budgeted to occur in the twelve month period from the date of this financial report;
- The Group has a working capital deficit of \$5,015,310 (30 June 2015: working capital surplus \$2,959,586) which has arisen due to the USD 5 million loan being reclassified from a non-current liability to a current liability. A key term of the loan agreement is the bullet repayment on the earlier of 30 September 2016 and the date on which the Company receives proceeds from a project financing or capital raising. The Company is progressing discussions with the lender to extend the maturity date of this facility and obtain additional funding for the early acquisition of assets, prior to obtaining project funding followed by full scale development of the project; and
- The Group has the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, dispose of interests in mineral exploration.

The Directors also anticipate that a further equity raising will be required and will be completed in the 2016 financial year. Should this equity raising and other initiatives above not be completed successfully, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the statement of financial position.

#### (g) Principles of Consolidation

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

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

### NOTE 2: SEGMENT REPORTING

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

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

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 3: BORROWINGS**

	Consolidated	
	31-Dec-15	30-Jun-15
	\$	\$
Current		
Loan	6,944,444	-
Non-current		
Loan	-	6,493,506
	6,944,444	6,493,506

Interest-bearing loans and borrowings	Consolidated			
	Interest rate	Maturity	31-Dec-15	30-Jun-15
	%			
Non-current interest-bearing loans and borrowings				
8.35% secured loan of US\$5,000,000	LIBOR +7.5%	30-Sep-16	6,944,444	6,493,506

**(i) Information on Facility**

8.35% 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. A key term of the loan agreement is the bullet repayment on the earlier of 30 September 2016 and the date on which WAF receives proceeds from a project financing or capital raising. Hence, the loan was reclassified to a current liability as at 30 September 2015. 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.

**(ii) Fair Values**

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

	Carrying Amount		Fair value	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
Floating rate borrowings	<b>6,944,444</b>	6,493,506	<b>6,862,223</b>	6,358,814

The following method and assumptions were used to estimate the fair value:

The fair value of loans from banks and other financial liabilities, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**
**NOTE 4: ISSUED CAPITAL**

	Consolidated	
	31-Dec-15	30-Jun-15
	\$	\$
304,204,039 (30 June 2015: 270,301,498) fully paid ordinary shares	<b>34,188,256</b>	32,173,325

**(a) Shares**

	Consolidated	
	31-Dec-15	30-Jun-15
	No.	No.
<b>(i) Ordinary shares - number</b>		
At start of period	<b>270,301,498</b>	270,301,498
Issue of shares 17 November 2015	<b>2,500,000</b>	-
Issue of shares 22 December 2015	<b>31,402,541</b>	-
<b>Balance at 31 December 2015</b>	<b>304,204,039</b>	270,301,498

	Consolidated	
	31-Dec-15	30-Jun-15
	\$	\$
<b>(ii) Ordinary shares – value</b>		
At start of period	<b>32,173,325</b>	32,173,325
Issue of shares 17 November 2015	<b>300,000</b>	-
Issue of shares 22 December 2015	<b>2,041,165</b>	-
Share issue costs	<b>(326,234)</b>	-
<b>Balance at 31 December 2015</b>	<b>34,188,256</b>	32,173,325

**(b) Options**

	Consolidated	
	31-Dec-15	30-Jun-15
	No.	No.
At start of period	<b>51,679,873</b>	9,735,899
Issue of options 22 December 2014	-	40,545,224
Issue of options 20 February 2015	-	5,750,000
Issue of options 18 August 2015	<b>500,000</b>	-
Issue of options 1 December 2018	<b>2,000,000</b>	-
Issue of options 22 December 2015	<b>5,000,000</b>	-
Expiry of options	<b>(450,000)</b>	(4,351,250)
<b>Balance at 31 December 2015</b>	<b>58,729,873</b>	51,679,873

**NOTE 5: DIVIDENDS**

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

**NOTE 6: RELATED PARTY DISCLOSURE**

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2015 annual financial report.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 7: CONTINGENT LIABILITIES**

At the date of this report, the authorities in Burkina Faso are lodging claims with various exploration companies operating in Burkina Faso for withholding taxes on payments of various non resident service providers and the regulation of the contracts of expatriate staff in accordance with taxation regulations in force. Whilst the Company believes it has complied with local regulations, some aspects of the regulations are open to interpretation. The Company has not received any formal claim and in the event of one being received, the effect, if any, that these claims will have, or which future claims will have on the consolidated entity's operations in Burkina Faso is not yet known.

**NOTE 8: SUBSEQUENT EVENTS AFTER THE REPORTING DATE**

In January 2016, the Group completed a share purchase plan in which \$303,500 was raised through the issue of 4,669,214 ordinary shares at 6.5 cents to existing eligible shareholders.

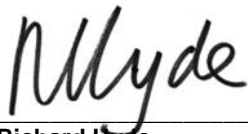
Other than this, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of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

### **Directors' Declaration**

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

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



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**Richard Hyde**  
**Director**

10 March 2016

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of West African Resources Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia**  
**10 March 2016**

**N G Neill**  
**Partner**



**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of West African Resources Limited

**Report on the Condensed Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of West African Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015 the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

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

*Conclusion*

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Emphasis of matter*

Without modifying our conclusion, we draw attention to Note 1(f) to the financial report which indicates that the ability of the Group to continue as a going concern is dependent on the Group being successful in completing a capital raising and/or merger, acquisition or restructuring activity or to wholly or in part, dispose of its mineral exploration interests in the next 12 months.

Should the Group not be successful in these initiatives, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.



**HLB Mann Judd**  
**Chartered Accountants**



**N G Neill**  
**Partner**

**Perth, Western Australia**  
**10 March 2016**