West African Resources Limited

(ABN 70 121 539 375)

Annual Financial Statements

for the year ended 30 June 2016

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

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West African Resources Limited

Highlights of the year included:

- **Discovery of high-grade gold shoots at Tanlouka Gold Project's M1 South prospect**
- **Definitive Feasibility Study commenced to investigate larger-scale processing options for development of the Tanlouka Gold Project**
- **Maiden Resource estimates completed for M1 and M3 prospects and upgraded Resource estimate for the M5 deposit**
- **More than $35 million capital raised ($21 million post year end) and put to work expanding the Tanlouka Gold Project and fully funding the DFS**
- **Clearing the US$5m Macquarie loan post year end**
- **Tanlouka Gold Project is now 100% owned and free of debt and third party royalties**

Summary

During the year ended 30 June 2016, West African Resources completed 33,069m of auger, reverse circulation (RC) and diamond drilling across the Tanlouka Gold Project (TGP) in Burkina Faso.

The Company's focus shifted from developing the Mankarga 5 (M5) deposit as a heap leach starter project to a larger-scale carbon-in-leach (CIL) scenario following the successful discovery of very high-grade gold at the M1 South and North and M3 prospects.

Maiden resource estimates were completed for M1 and M3 and a resource update for M5, resulting in an Indicated resource of 9.8Mt tonnes at 2.1 g/t Au for 670,000 ounces of gold and an Inferred resource of 10.7Mt tonnes at 2.0 g/t Au for 695,000 ounces of gold for the TGP.

A Definitive Feasibility Study (DFS) for a CIL development scenario at Tanlouka is underway, with progress made on permitting, metallurgical test work and location of key infrastructure. The DFS is expected for completion by the end of 2016.

West African Resources Limited

CHAIRMAN'S MESSAGE

Dear Shareholder,

It gives me great pleasure to present the 2016 Annual Report for West African Resources Limited.

The past year has been a very good one for West African – we are in a much stronger position than at the same time in 2015.

Our consistent, high-grade results from the Tanlouka Gold Project in Burkina Faso, most prominently those from M1 South since the discovery of high-grade gold in March, have included 18m at 82.3g/t Au from 98m including 1m at 1,107g/t Au; 12m at 53.11g/t Au, including 1m at 534.45g/t Au; and 4m at 86.96g/t Au from 93m, including 1m at 343.59g/t Au.

We have moved the scope of our plans at Tanlouka from a relatively small, high-margin heap leach starter project to a larger-scale carbon-in-leach project. A Definitive Feasibility Study is in progress and expected to be completed before the end of the 2016 calendar year.

Maiden resource estimates have been completed for the M1 and M3 prospects and we have also updated the resource estimate for M5, with project Indicated mineral resources now 9.8Mt tonnes at 2.1 g/t Au for contained 670,000 ounces of gold and Inferred resources of 10.7Mt tonnes at 2.0 g/t Au for contained 695,000 ounces of gold, and we anticipate further drilling success, particularly at M1 South, would see this expand further.

Our exceptional drilling results also helped garner institutional interest and support, most notably in the $21 million placement completed post year-end, in August 2016. We will use this funding to progress Tanlouka – complete the DFS and post year end have repaid our Macquarie Bank debt facility, ahead of its maturity date.

The raising will also provide funding for further resource and exploration drilling so that we can expand the potential of the Tanlouka Gold Project. Post completion of the placement, West African had $30M cash at bank. We are thankful to our investors, both new and existing, that supported these fundraising efforts.

Another milestone achieved post year-end was the approval received for our Environmental and Social Impact Assessment and Relocation Action Plan. These approvals are an important step and reflect key stakeholder support from community and government agencies in the future development of the project.

I take this opportunity to thank our Management and Staff for their tireless efforts for the Company, particularly Managing Director Richard Hyde, who has been at the helm of West African since the start and has put the Company into an enviable position, with one of the most exciting projects in Burkina Faso. I also thank our Shareholders for your support.

There is a lot of work ahead of West African, as we aim to have a completed DFS and granted mining permit for the project by the end of 2016. However, the next 12 months will be pivotal in our growth and we look forward to the challenges that lie ahead.

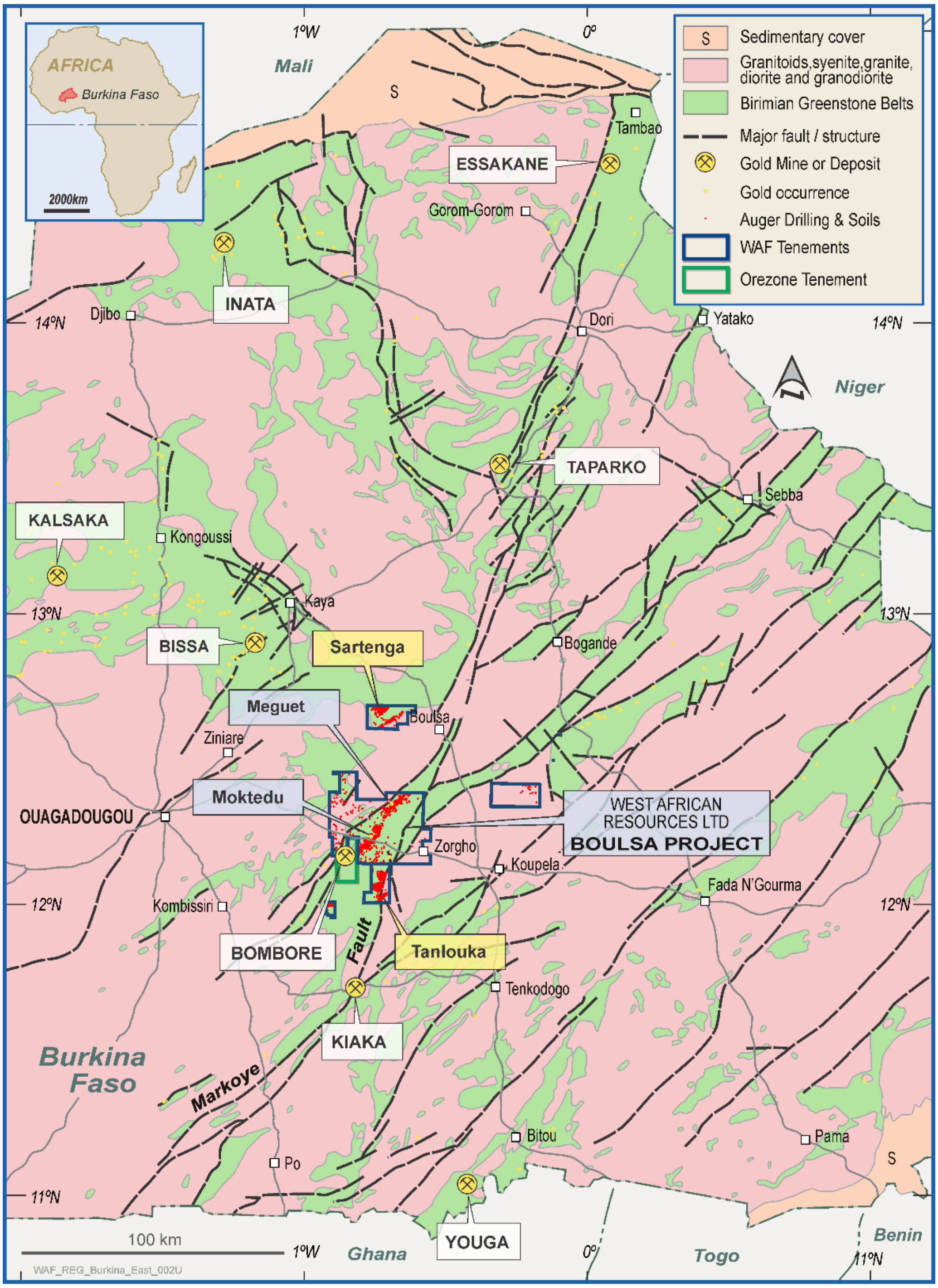
Mark Connelly
Non-Executive Chairman

REVIEW OF OPERATIONS

Tanlouka Gold Project, Burkina Faso

West African holds a 100% interest in the Tanlouka Gold Project, part of its larger Boulsa Project in Burkina Faso. In October 2015, the Company applied for a Mining Licence (Sanbrado) covering the M1, M3 and M5 resource areas, three months ahead of the expiry of the Tanlouka exploration permit. The Company also applied for an exploration licence (Manesse) in early 2016 encompassing the remaining area of the former Tanlouka Permit, ensuring security of tenure. Permitting for the mining licence has progressed well during 2016, with positive recommendations from both the COTEVE and National Commission of Mines committee meetings. Grant of the mining licence is expected before the end of 2016.

Figure 1 – Location of Tanlouka permit



The Company completed a Pre-Feasibility Study (PFS) for the Mankarga 5 deposit at Tanlouka in February 2015, with the aim of developing an oxide heap leach starter project. Results for this were positive, including pre-production capital of US$46.6 million, annual gold production of 69,000 ounces for first three years and 49,000 ounces for life of mine and cash costs of US$635/oz for life of mine.

West African commenced a Bankable Feasibility Study for the heap leach starter project after receiving a two-year US$5 million convertible loan facility from Macquarie Bank Limited, and made significant progress on this, with a number of important steps such as environmental and social studies completed and the Environmental and Social Impact Assessment and Mining Licence applications lodged with the relevant government agencies.

Very high-grade results were returned from RC drilling the M1 and M3 prospects in early 2016, which led the Company to reconsider development options for the project. The Company has commenced a Definitive Feasibility Study for a 2-3Mtpa conventional CIL processing scenario, which it expects to complete by the end of the December 2016 quarter.

Exploration

<u>M1 Prospect</u>

Auger drilling at the M1 prospect during the September 2015 quarter was extended to the south to cover potential north-northwest structures intersecting the north-northeast M5 trend in the southern pit area, and first-pass reverse circulation (RC) drilling then intercepted shallow oxide mineralisation, with results returning 9m at 7.8gt Au from 8m including 4m at 16.93g/t Au, which ended in gold mineralisation.

Follow-up diamond drilling at the M1 prospect in the December 2015 quarter intercepted shallow high-grade oxide gold mineralisation, including a result of 14m at 4.5g/t Au including 3m at 16.2g/t Au in hole TAN15-DD028.

During the March 2016 quarter, drilling was completed over 300m of strike at **M1 South**, mostly on 50m spaced sections to an average depth of 80 vertical metres. Mineralisation demonstrated good continuity, hosted in sheared and altered metasediments, and felsic and mafic intrusives. Gold is associated with strongly sheared quartz veins with silica and albite alteration, and minor sulphides. A unique feature of M1 South mineralisation is the presence of significant amounts of disseminated native gold. The lithological package hosting gold mineralisation at M1 (North and South) is similar to that of M5.

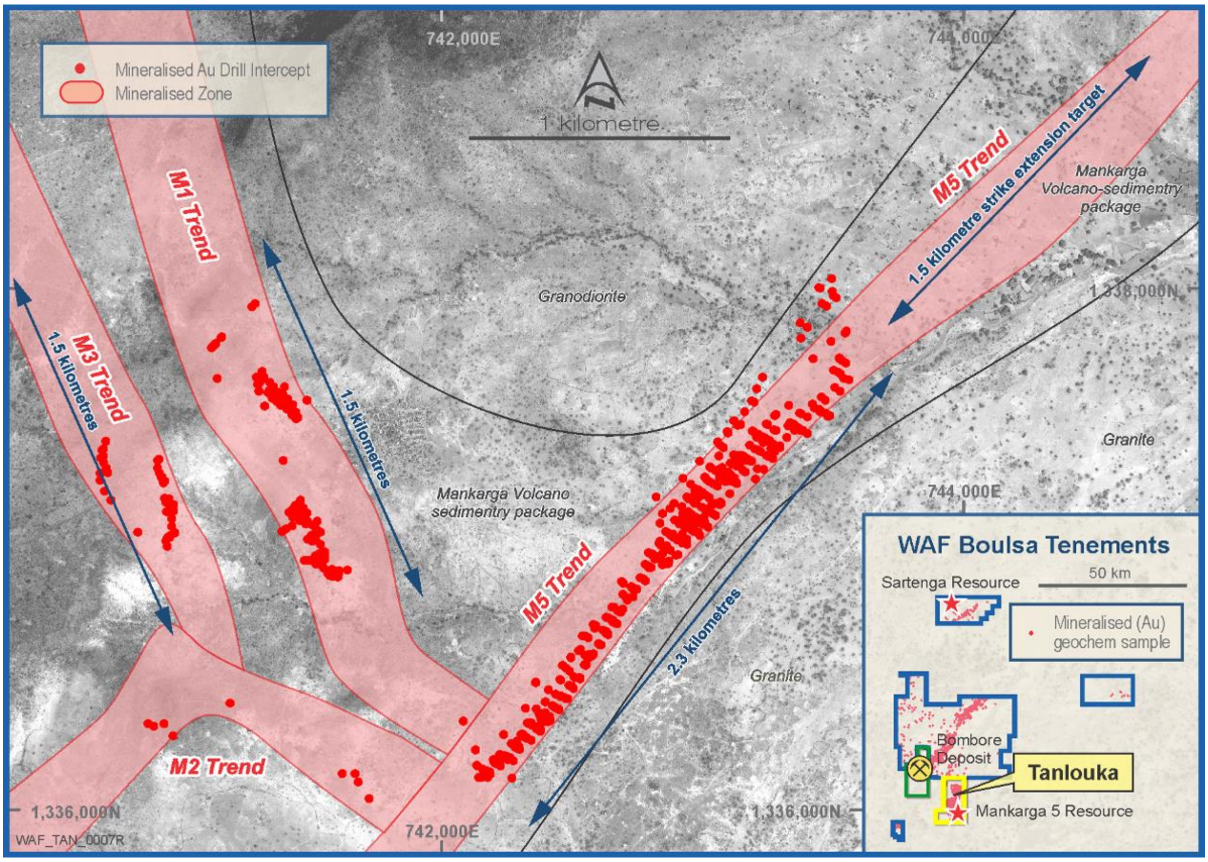
Significant results reported during the year included:

- TAN16-DD033: 4m at 86.96g/t Au from 93m including 1m at 343.59g/t gold
- TAN16-RC131: 11m at 43.44g/t Au from 76m including 1m at 349.15g/t Au, 1m at 113.98g/t Au
- TAN16-RC122: 12m at 53.11g/t Au, including 1m at 534.45g/t Au
- TAN16-RC129: 4m at 42.09g/t Au, from 104m including 1m at 165.36g/t Au
- TAN16-RC130: 6m at 10.05g/t Au, from 46m including 1m at 43.5g/t Au
- TAN16-RC131: 5m at 18.89g/t Au, from 124m including 1m at 78.95g/t Au.

Further drilling at **M1 South** was completed in the June 2016 quarter as well as infill shallow RC drilling, which demonstrated good continuity with strong results. Results included 6m at 9.2g/t Au from 15m, including 1m at 49.5g/t Au in the hanging wall zone, and 4m at 6.19g/t Au from 59m, including 2m at 10.36g/t Au in the footwall zone from TAN16-RC154.

A follow-up RC and diamond core program at M1 South targeting mineralisation at 100 vertical metres depth was completed on 25m centres. It successfully intercepted visible gold and returned the best intercept on the project to date, returning 18m at 82.28g/t Au from 98m including 1m at 1,107.5g/t Au. A further high grade zone was intercepted at 125m down hole, returning 3m at 145.99g/t Au. Mineralisation exhibited strong shearing and silica-sericite-albite alteration. Much of the gold at M1 south is in free form, but also associated with pyrite and pyrrhotite sulphides.

Figure 2: Tanlouka Gold Project- Mineralised Trends and Prospect Locations



Drilling undertaken over 300m of strike at **M1 North** in December/January confirmed continuity of shallow gold mineralisation mineralised trend. Results included:

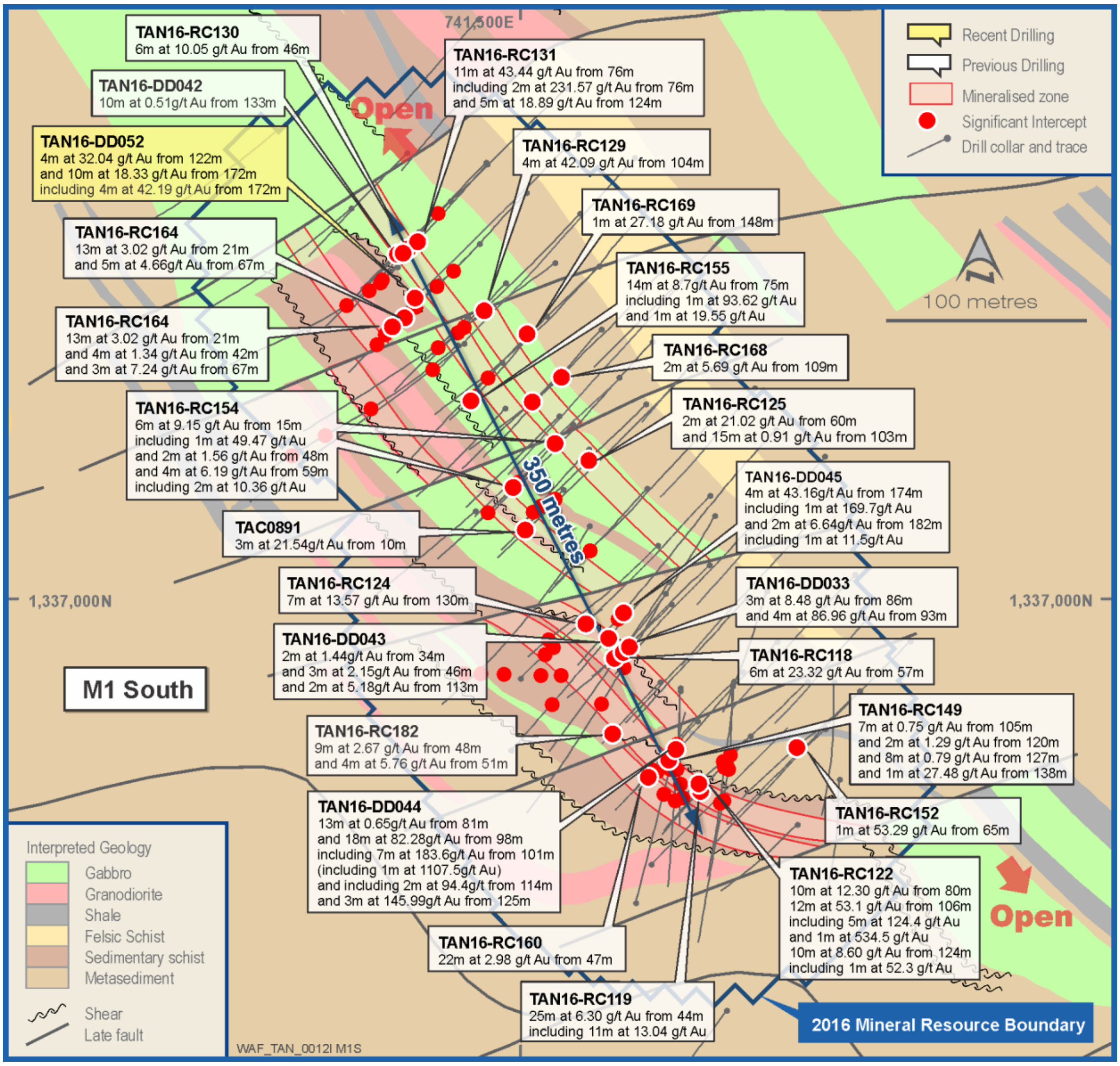
- TAN16-RC134: 17m at 4.28g/t Au from 93m, including 2m at 14.5g/t Au and 1m at 28.3g/t Au
- TAN16-RC136: 20m at 5.78g/t Au from 68m, including 1m at 96.25g/t Au
- TAN16-RC137: 12m at 5.02g/t Au from 104m, including 6m at 8.21g/t Au

Mineralisation at M1 North appeared much more predictable, although with grades lower than at M1 South.

Diamond core twin holes carried out to verify RC sampling and provide bulk density samples for resource estimation studies at M1 provided encouraging results, which included 12m at 2.62g/t Au from 23m and 12m at 2.36g/t Au from 21m. This confirmed the grade and tenor of M1 North oxide mineralisation.

TAN16-DD038 and TAN16-DD040 were drilled to repeat results from TAN16-RC094 and TAN16-RC098 drilled earlier this year. TAN16-DD038 returned 12m at 2.62g/t Au from 23m, including 1m at 17.62g/t Au which correlated well with TAN16-RC094, which returned 9m at 2.24g/t Au from 25m. TAN16-DD040 returned 12m at 2.36g/t Au from 21m, including 2m at 7.53g/t Au and was drilled adjacent to TAN16- RC098 which returned 12m at 1.78g/t Au from 21m. Both results support the current approach using a combination of RC and diamond core to drill out the M1 prospect.

Figure 3: M1 South Summary Plan



M3 Prospect

Auger drilling during the September 2015 quarter discovered a new zone of mineralisation, named M3, trending parallel to the M1 prospect and less than 2km southwest of the proposed Mankarga pit. High-grade auger results up to 13g/t gold were returned, within an anomalous trend over 1.3km.

A result of 25m at 2.45g/t Au in hole TAC1047, including 17m at 3.35g/t Au, from 12m ending in mineralisation was received from first-pass drilling at M3 during the December 2015 quarter, confirming that M3 mineralisation trends north-south, and this opened up for parallel gold zones within the regional northwest geochemical trend.

Results from further drilling extended the high-grade oxide gold mineralisation 170m to the north of the M3 prospect eastern zone, and 50m north of the discovery hole TAC0996 which returned 32m at 5.02g/t Au. At the end of the December 2015 quarter, shallow oxide mineralisation could be traced over 300m strike in a north-south orientation.

A new zone of mineralisation was then discovered at M3, 300m southeast of TAC0996, with three consecutive holes intercepting gold mineralisation over a width of 20m, and follow-up drilling confirmed continuity of gold mineralisation in this area with TAC1166 returning a result of 16m at 2.3g/t Au from surface including 8m at 4.0g/t Au ending in mineralisation from 8m down hole depth.

M3 returned some solid results early in the March 2016 quarter, and drilling extended shallow oxide gold mineralisation at the M3 eastern zone. Follow-up drilling confirmed continuity of gold mineralisation in this area with TAC1204 returning a result of 19m at 1.75g/t Au from 9m at the northern end of the M3 eastern mineralised zone. Mineralisation at M3 can now be traced over 300m at both the eastern and western zones.

Resource Drilling

The Company will continue to drill throughout the remainder of 2016, focusing on completing drilling on 25m centres through M1 South to 300m vertical and North to 150m vertical by the end of the year.

Exploration Drilling

West African will resume exploration drilling during the December 2016 quarter following the wet season. Targets include:

- RC drilling M1 mineralised corridor southeast, towards the intersection of the M5 mineralisation;
- RC drilling M1 mineralised corridor to the northeast; and
- Follow-up oxide results at depth at the M3 prospect; best drilling to date returned 32m at 5.02g/t Au.

Mineral Resources for M1, M3 and M5

The Company cut off data to input into updated Mineral Resource estimation studies at the end of the June 2016 quarter.

Maiden mineral resource estimates for the M1 and M3 prospects, and an updated estimate for the M5 deposit, were completed by independent resource consultant International Resource Solutions Pty Ltd (IRS), prepared in accordance with the requirements the 2012 JORC Code and disclosed in accordance with NI 43-101, under which the 2012 JORC Code is acceptable for mineral resource calculation and disclosure, on 1 August 2016.

Figure 4: Tanlouka Gold Project - Mineral Resources at 1g/t cut-off

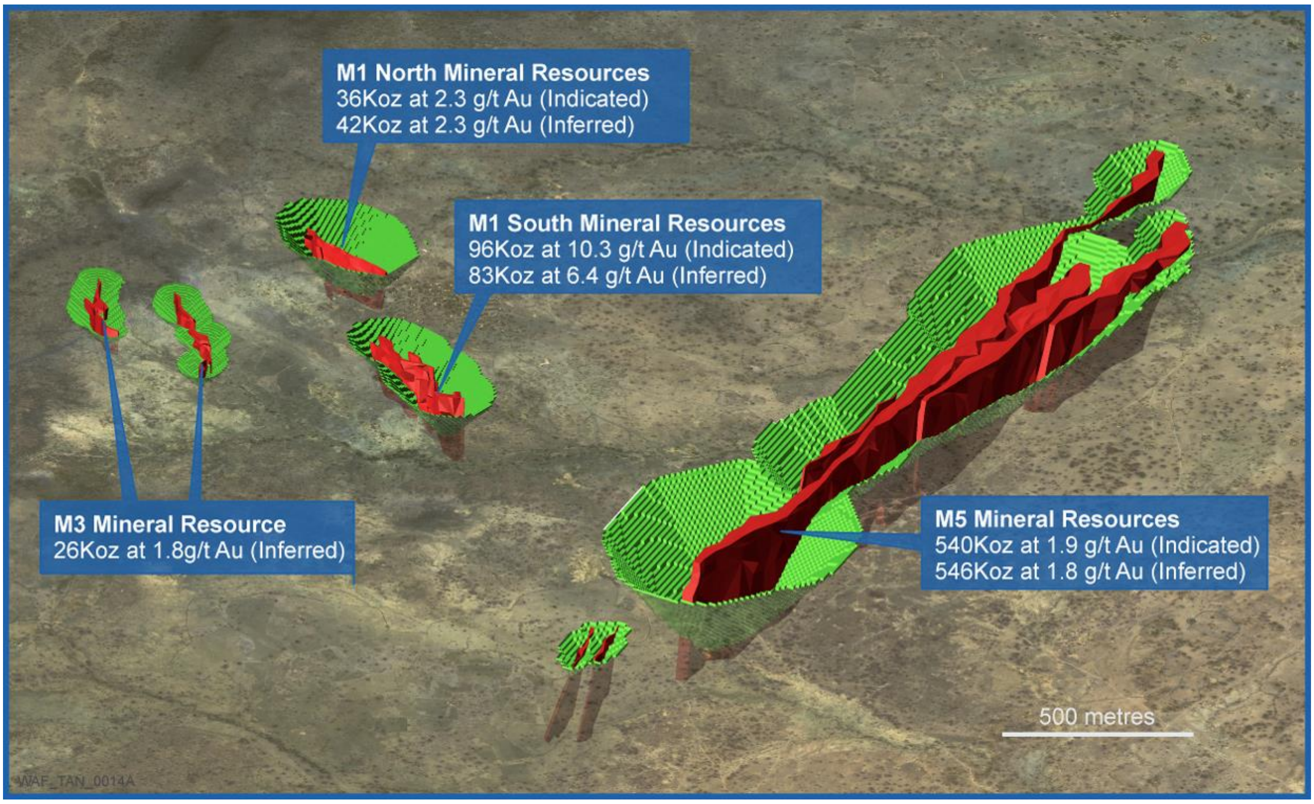


Table 1: Mineral Resource statement, Tanlouka Gold Project, International Resource Solutions Pty Ltd, with an effective date of August 1, 2016							
	Cut-off	**Indicated Resource**			**Inferred Resource**		
	(Au g/t)	**Tonnes**	**Grade (Au g/t)**	**Au Oz**	**Tonnes**	**Grade (Au g/t)**	**Au Oz**
M5	0.5	22,400,000	1.2	842,000	24,100,000	1.1	877,000
	1	9,000,000	1.9	540,000	9,300,000	1.8	546,000
M1 South	0.5	510,000	6.2	101,000	700,000	4.0	90,000
	1	290,000	10.3	96,000	410,000	6.4	83,000
	5	110,000	23.0	85,000	100,000	18.8	63,000
M1 North	0.5	630,000	2.0	40,000	770,000	1.9	47,000
	1	500,000	2.3	36,000	570,000	2.3	42,000
M3	0.5	-	-	-	540,000	1.6	29,000
	1	-	-	-	440,000	1.8	26,000
Total	0.5	23,540,000	1.3	980,000	26,110,000	1.2	1,043,000
	1	9,790,000	2.1	670,000	10,720,000	2.0	695,000

Following completion of the maiden and updated estimates, the Tanlouka Project now has Indicated mineral resources of **9.8Mt at 2.1g/t Au for 670,000oz gold** and Inferred mineral resources of **10.7Mt at 2.0g/t Au for 695,000oz gold**. This represents a 34 per cent increase in the Indicated mineral resource for the project.

The maiden M1 South Indicated mineral resource is 290,000 tonnes, at 10.3g/t Au for 96,000oz, and Inferred mineral resource is 410,000 tonnes, at 6.4g/t Au for 83,000oz gold, with the M1 South structure averaging 1,600oz per vertical metre from 30m to 130m below surface, and this remains open along strike and down plunge.

The Company expects to provide a further resource update at M1 South in the December 2016 quarter following completion of a 10,000m diamond drilling campaign to test mineralisation down to 300 vertical metres.

Feasibility Study

New mineralisation discovered at the M1 and M3 prospects during the year prompted the Company to focus on completion of drilling programs so new gold mineralisation could be integrated into the study mine plan.

West African then opted to undertake a Definitive Feasibility Study based on a larger scale carbon-in-leach (CIL) development scenario for Tanlouka.

Metallurgical Test Work

Preliminary test work completed on 17 samples of oxide mineralisation from the M1 and M3 prospects at BIGS Laboratories in Ouagadougou returned average recoveries of 97.5%.

Results for 24-hour, 0.5kg direct cyanidation bottle rolls, with residues analysed by 50g fire assay, demonstrated that the oxide gold at M1 and M3 is amenable to conventional processing and cyanide extraction methods.

A detailed metallurgical test work program is in progress at the time of reporting and is expected to be completed ahead of the completion of the DFS, in late 2016.

Permitting

An Environmental and Social Impact Assessment (ESIA) was finalised in the December 2015 quarter and submitted to the Burkina Faso Ministry of Environment and National des Evaluations Environnementales (BUNEE) in January along with a Relocation Action Plan.

The Company also submitted an application for a mining permit to the Ministry of Mines followed by submitting the Terms of Reference for a Water Abstraction Tower for review by BUNEE on 31 December 2015.

Post year-end, the Ministry of Environment, Green Economy and Climate Change approved the RAP and ESIA. This is the penultimate part of the permitting process for the Tanlouka project. The final decision to grant the mining permit, made by the Council of Ministers and decreed by the Cabinet of the Government of Burkina Faso, is expected before the end of 2016.

WAF personnel presented the Tanlouka Gold Project to the Burkina Faso Commission National des Mines (NCM) on 10th May 2016. The NCM reviewed the project's technical and economic feasibility and advised WAF they will issue a favourable opinion in respect of the Company's application for a commercial mining permit.

The Managing Director and management recently had an audience with His Excellency the President of Burkina Faso, Mr. Roch Kabore. WAF personnel presented the Company and discussed the technical aspects and social and economic benefits of the project with the President for the region and the country.

Timeline

An updated timeline for the project is below. It is the Company's goal to have the project permitted with a completed DFS for a CIL project by the end of the 2016 calendar year.

Tanlouka Gold Project Timeline										
	2015				2016				2017	
Work Program	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Drilling & Resource										
M1 deposit								•		
M3 deposit								•		
M5 deposit								•		
Resource Estimation	□						•	•		
Definitive Feasibility Study										
Metallurgical Test work	□							•		
Engineering, Layout and Design	□							•		
Permit Approvals - CIL Update								•		
Project Financing										•

Other Permits

West African holds a number of permits surrounding the Tanlouka Project in Burkina Faso. However, the Company is focussed on developing Tanlouka and did not complete exploration on these permits during the reporting period.

CORPORATE

Ownership

In November 2015, West African completed the transaction announced to the market in March 2014, by acquiring the remaining 10 per cent of the Tanlouka Permit, to take ownership of the permit to 100 per cent.

Placements

West African completed a $2.1m placement in the December 2015 quarter, which included a $1m investment by mining contractor Ausdrill, by issuing approximately 31.4 million fully paid shares at $0.065/share to professional and sophisticated investors to accelerate development of M1 and M3 prospects at Tanlouka, as well as for general working capital.

The Company completed a placement of 100 million shares to raise $12.5 million in April 2016, receiving overwhelming demand from international and domestic institutional investors, as well as strong support from existing shareholders. A leading North American institution with a strong position in the precious metals sector, which subscribed $4 million in the Placement, is among new institutional investors.

Funds were applied towards an aggressive drilling program at M1, including exploration and resource definition drilling, and a Definitive Feasibility Study based on a larger-scale carbon-in-leach (CIL) development scenario at Tanlouka to progress in parallel with drilling.

Post year-end, West African completed a placement of 70 million shares at a price of A$0.30 per share to raise A$21 million. This strengthened WAF's balance sheet, allowing for the early repayment of a US$5 million debt facility with Macquarie Bank and providing the Company with the capacity to accelerate exploration and resource drilling at Tanlouka, and completion of the DFS. Placement proceeds will also be used to commence early civil works, such as construction of a camp facility, ablutions and water storage, in readiness for development of the Tanlouka project.

Share Purchase Plan

A Share Purchase Plan ("SPP") announced on 14 December 2015 gave eligible shareholders the opportunity to purchase up to $15,000 ordinary fully paid WAF shares at $0.065 per share. The SPP, which closed on 28 January 2016, raised $303,500, and 4,669,214 ordinary shares were issued.

Board Changes

Non-Executive Directors Jean-Marc Lulin and Colin Jones resigned from the Board at the end of August 2015. Their resignations came as West African looked to reduce its operational expenditure while it continued to develop its Tanlouka project.

Other Permits

West African holds a number of permits surrounding the Tanlouka Permit where Mankarga 5 is located.

However, the Company is focused on getting Mankarga 5 into production and did not complete exploration on these permits during the reporting period.

RHyde

Richard Hyde
MANAGING DIRECTOR

Competent Person's Statement

Information in this Annual Report that relates to mineral resources is based on, and fairly represents, information and supporting documentation prepared by Mr Brian Wolfe , an independent consultant specialising in mineral resource estimation, evaluation and exploration. Mr Wolfe is a Member of the Australian Institute of Geoscientists. Mr Wolfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (or "CP") as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and a Qualified Person under Canadian National Instrument 43-101. Mr Wolfe has reviewed the contents of this Annual Report and consents to the inclusion of all technical statements based on his information in the form and context in which they appear.

Information in this Annual Report that relates to exploration results and exploration targets is based on, and fairly represents, information and supporting documentation prepared by Mr Richard Hyde, a Director, who is a Member of The Australian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Hyde has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (or "CP") as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and a Qualified Person under Canadian National Instrument 43-101. Mr Hyde has reviewed the contents of this Annual Report and consents to the inclusion of all technical statements based on his information in the form and context in which they appear.

Forward Looking Information

This Annual Report contains "forward-looking information" within the meaning of applicable Canadian and Australian securities legislation, including information relating to West African's future financial or operating performance which may be deemed "forward looking". All statements in this news release, other than statements of historical fact, that address events or developments that West African expects to occur, are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond West African's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. In the case of West African, these facts include their anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralization that will be encountered if a mineral property is developed.

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

West African's forward-looking information is based on the reasonable beliefs, expectations and opinions of their respective management on the date the statements are made and West African does not assume any obligation to update forward looking information if circumstances or management's beliefs, expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking information. For a complete discussion with respect to West African, please refer to West African's financial statements, which are filed on SEDAR at www.sedar.com.

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

Your Directors submit the annual financial report of the consolidated entity for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act, the Directors report as follows:

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

Mark Connelly BBus MAICD
Non- Executive Chairman

Mr Connelly is the former Managing Director and Chief Executive Officer of Perth based Papillon Resources Limited, a gold developer with Malian assets, which merged with Vancouver-based B2Gold Corp in a US570 million deal. Previously he was Chief Operating Office of Endeavour Mining Corporation following its merger with Adamus Resources Ltd where he was Managing Director and CEO.

Mr Connelly is a member of the Audit Committee.

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

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

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

Richard Hyde is a geologist with more than 20 years experience in the minerals industry including over 5 years experience operating in West Africa. Richard has worked in a number of different geological environments in Australia, Africa and Eastern Europe. Mr Hyde has managed large exploration projects and worked extensively within the industry as Regional Manager - West Africa, and as a Senior Consultant with RSG Global based in West Africa and Australia.

Simon Storm BCom, BCompt (Hons) FGIA, CA
Non- Executive Director and Company Secretary

Simon Storm is a Chartered Accountant with more than 30 years of Australian and international experience in the accounting profession and commerce. He commenced his career with Deloitte Haskins & Sells in Africa then London before joining Price Waterhouse in Perth. He has held various senior finance and company secretarial roles with listed and unlisted entities in the agribusiness, banking, resources, construction, telecommunications, property development and funds management industries. In the last 15 years he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

Jean-Marc Lulin P.Geo., PhD
Non-Executive Director (Resigned 28 August 2015)

Jean-Marc Lulin is a senior mining executive with 30 years of experience in North America, Africa and Europe. Since June 2003, he has been President, CEO and Director of TSXV listed company Azimut Exploration Inc. He was formerly the President and COO for Channel Resources (1996-2001), Vice President West Africa for Channel Resources (1995-1996) and has extensive West African experience.

Mr. Lulin was involved in the discoveries of several important deposits, notably the Bombore, Bouroum and Goulagou gold deposits in Burkina Faso (resources of 2.5 million ounces) with Channel Resources, the Douay gold deposit and Lac Knife flake graphite deposit in Quebec with Vior-Mazarin, and Meponda, a large niobium-tantalum-uranium-rare earth occurrence in Mozambique with the BRGM. During his career, Mr. Lulin visited 190 mines and advanced projects in 16 countries.

Colin Jones BSc (Earth Sciences) MAusIMM

Non-Executive Director (Resigned 28 August 2015)

Colin Jones has 30 years of experience as a mining, exploration and consulting geologist. He has worked on all continents on producing mines, as part of feasibility teams and also in exploration. He was most recently Executive Vice President at Dundee Resources Ltd in Toronto. From 1998 to 2006, Mr. Jones served as Partner and Manager Audits for RSG Global and from 1994 to 1998, he served as an Exploration Manager for Freeport Indonesia. He has been a Director of Helio Resource Corp. since January 21, 2008 and Premium Exploration, Inc. since July 2010. Mr. Jones served as a Director of Odyssey Resources Ltd from January 2008 to September 2008 and is currently a non-executive Director of Geodrill Ltd (TSXV:GEO) and of Eurotin Inc. (TSXV:TIN).

Dividends

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

Principal Activities

The principal activity of the Group during the financial year was mineral exploration and feasibility study work focussing primarily on the Boulsa Gold project within Burkina Faso.

There have been no significant changes in the nature of those activities during the year.

Review of results and operations

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

Operating results for the year

The net loss of the Group for the financial year ended 30 June 2016 was $7,805,445 (2015: $7,691,331).

Revenue

Revenue comprised interest received of $34,995. Interest was up 225% on prior year as a consequence of higher AUD cash balances.

Expenses

During the year, the Company continued exploration activities and progressed a bankable feasibility study at its Tanlouka project in Burkina Faso. Feasibility and scoping studies expenses were up 17% to $1,280,028 (2015: $1,094,576) which included environment studies, metallurgy and engineering work. Consistent with the Company's accounting policy, $4,477,361 (2015: $3,089,850) comprising exploration related costs was expensed in 2016. This includes follow-up RC and diamond drilling, assay and diesel costs together with administrative expenses required to support those exploration activities. Also included in exploration related costs is the acquisition cost for the remaining 10% of the Tanlouka permit which included the issue of 2,500,000 shares in WAR Ltd at 12 cents per share and a payment of USD 250,000 in November 2015.

Share based payments expense decreased by 96% to $81,579 (2015: $2,219,079) due to incurring the facility fee in December 2014 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 foreign exchange loss was $116,503 (2015 foreign exchange gain $263,337) due to the weaker USD conversion rates during the year on utilisation of the USD 5 million loan. This loss was partially offset by the gain on the USD cash holdings during the year.

Cash and cash equivalents at 30 June 2016 increased by 224% to $11,376,615 (2015:$3,511,892).

Operating cash flows

Cash outflows from operating activities increased by 19% to $6,273,819 (2015: $5,250,059) due to the interest paid on the Macquarie loan facility of $554,294 and the acquisition cost for the remaining 10% of the Tanlouka permit through a payment of USD 250,000.

Investing cash flows

Cash outflows from investing activities were $21,409 for the payment of office furniture.

Financing cash flows
Cash flow from financing activities increased by 132% to $13,984,277 (2015: 6,018,519) due to various share placements in the year. In April 2016, the Company issued 29,800,000 shares at 12.5 cents raising $3,725,000 and in June 2016, the Company issued 70,200,000 shares at 12.5 cents raising $8,775,000. In the previous year there was the drawdown of the USD5 million loan facility.

Statement of financial position

Current assets
Current assets increased by 219% to $11,576,135 (2015: $3,628,036) mainly due to cash and cash equivalents increasing 224% to $11,376,615 (2015:$3,511,892).

Non-current assets
Non-current assets decreased by 56% to $80,497 (2015: $182,035) mainly due to the depreciation charge for the year.

Current liabilities
Current liabilities increased by 1,167% to $8,466,730 (2015: $668,450) due to an increase in trade payables and accruals and the reclassification of the USD 5 million loan from a non-current liability to a current liability in September 2015.

Debt position
The Company had a convertible loan for USD5 million and cash interest was payable on the facility. A term of the agreement was 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 to fund the project. The facility was 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. On 24 August 2016, the Group repaid the US$5 million loan facility to the Metals & Energy Capital Division of Macquarie Bank Limited ahead of its maturity date.

Operational activities for the year

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

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

	Drilling by Quarter									
	Sep-15		Dec-15		Mar-16		Jun-16		TOTAL	
	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres
Diamond			*6*	**514**	*5*	**654**	*17*	**2,265**	*28*	**3,433**
RC					*66*	**6,454**	*39*	**4,217**	*105*	**10,671**
Auger	*80*	**523**							*80*	**523**
Aircore	*382*	**8,508**	*217*	**7,123**	*84*	**2,811**			*683*	**18,442**
RAB									-	**-**
	462	**9,031**	*223*	**7,637**	*155*	**9,919**	*56*	**6,482**	*896*	**33,069**

During the various quarters the following provides a summary of the Company's operational activities:-

September 2015 Quarter

<u>Tanlouka Gold Project</u>

- New results showed potential to improve economics of a heap leach starter project including
- 32m at 5g/t gold including 13m at 7g/t gold at M3
- 9m at 7.8g/t gold including 4m at 16.9g/t gold at M1;
- Environmental and social studies completed;
- Applications for Environmental and Mining permit submitted;
- Indicative project finance proposals received and reviewed by the Company; and
- Drilling commenced at M3.

December 2015 Quarter

<u>Tanlouka Gold Project</u>

- 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 prospect results included:
  - 25m at 2.5g/t Au including 17m at 3.35g/t Au ending in mineralisation;
  - 20m at 2.8g/t Au including 8m at 4.0g/t Au; and
  - 16m at 2.3g/t Au from surface, including 8m at 4.0g/t Au ending in mineralisation;
- Two zones of mineralisation at M3 identified with a combined strike of 500m;
- Continued impressive results from M1 prospect including:
  - 14m at 4.5g/t Au including 3m at 16.2g/t Au from 36m;
  - 6m at 2.52g/t Au from 48m ;
  - 8.6m at 1.84g/t Au from 9m ;
  - 3m at 21.54g/t Au from 10m ;
- Follow-up RC drilling commenced in late December 2015 with early results including:
  - 16m at 5.3g/t Au including 8m at 9.44g/t Au from 48m;
- Gold mineralisation at M1 and M3 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 commenced; and
- Recoveries of 97.5% gold from preliminary test work completed on M1 and M3 samples.

March 2016 Quarter

<u>Tanlouka Gold Project</u>

M1 South Prospect

- Drilling completed over 350m of strike, open to the north west and at depth;
- Ultra-high grade results from M1 South included:
  - 4m at 86.96g/t Au from 93m including 1m at 343.59g/t gold;
  - 11m at 43.44g/t Au from 76m including 1m at 349.15g/t Au, 1m at 113.98g/t Au;
  - 12m at 53.11g/t Au, including 1m at 534.45g/t Au;
- Follow-up RC and diamond core drilling commenced at M1 South;
- Review of feasibility and development options due to extremely high-grade results from M1 South; and
- Definitive Feasibility Study (DFS) commenced based on larger-scale carbon-in-leach (CIL) development.

M1 North Prospect

- Drilling completed over 300m of strike, open to the north west and at depth;
- Results included:
  - 17m at 4.28g/t Au from 93m, including 2m at 14.5g/t Au and 1m at 28.3g/t Au;
  - 20m at 5.78g/t Au from 68m, including 1m at 96.25g/t Au; and
  - 12m at 5.02g/t Au from 104m, including 6m at 8.21g/t Au.

M3 Prospect

- Drilling extended mineralisation at the eastern zone to 300m;
- Results included:
  - 16m at 2.3g/t Au including 8m at4.0 g/t Au, from surface.

<u>Corporate</u>

- Heavily oversubscribed placement completed in the June 16 quarter to raise $12.5 million from international and domestic institutional and sophisticated investors, including $4 million from a leading North American institutional precious metals fund;
- Placement was completed in 2 tranches - tranche 1 was completed raising $3.75m with tranche 2 completed in June 16, raising a further $8.75m;
- Proceeds to be used to fund aggressive exploration drilling and resource drill out of M1 discovery and a Tanlouka Project DFS

June 2016 Quarter

<u>Tanlouka Gold Project</u>

M1 South Prospect

- RC and diamond drilling intercepted visible gold mineralisation in a number of holes;
- Drilling completed over 350m of strike;

- Results included:
  - 6m at 9.2g/t Au from 15m, including 1m at 49.5g/t Au;
  - 4m at 6.19g/t Au from 59m, including 2m at 10.36g/t Au;
  - 18m at 82.28g/t Au from 98m, including 1m at 1107.5g/t Au; and
  - 4m at 43.16g/t Au from 174m, including 1m at 169.7g/t Au.

M1 North Prospect

- RC drilling returned 9m at 9.7g/t Au from 112m, incl. 1m at 61.7g/t Au;
- Diamond core twin holes completed to verify RC sampling and provide bulk density, confirmed the grade and tenor of M1 North oxide mineralisation with results of:
  - 12m at 2.62g/t Au from 23m; and
  - 12m at 2.36g/t Au from 21m.

Future Business Strategy

The Company's future business strategy includes:-

- RC and Diamond drilling at M1 and M5;
- Resource updates for M1, M3 and M5; and
- Completion of a definitive Feasibility Study for a carbon-in-leach project by December 2016.

Significant changes in the state of affairs

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

Significant events after balance date

On 18 August 2016, the Group raised $21 million (before costs) by issuing 70,000,000 ordinary shares at 30 cents.

On 24 August 2016, the Group repaid the US$5 million (A$6.6 million) loan facility to the Metals & Energy Capital Division of Macquarie Bank Limited ahead of its maturity date of 30 September 2016.

Other than this, there has not been any matter or circumstance not otherwise disclosed that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Therefore, this information has not been presented in this report.

Remuneration report (Audited)

The Remuneration Report is set out under the following main headings:

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

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

This report outlines the remuneration arrangements in place for Key Management Personnel ("KMP") of West African Resources Limited (the "company").

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Group depends upon the quality of its KMP. To prosper, the Group must attract, motivate and retain highly skilled KMP.

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre Executives;
- Link Executive rewards to shareholder value;
- Significant portion of Executive compensation 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable Executive compensation.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director and Executive remuneration is separate and distinct.

KMP remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution specifies that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. The aggregate non-executive Directors' fee pool limit currently stands at $500,000. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the fees paid to non-executive Directors of comparable companies when undertaking a review process.

The compensation of KMP for the year ended 30 June 2016 is detailed below.

B. Details of remuneration for the year ended 30 June 2016

		Short term benefits		Share based payments	Total	%	%
Directors		Director & Consulting Fees* (paid/payable)	Bonus	Share Options		Performance related	Remunerations consisting of options
Mark Connelly	**2016**	**50,000**	**20,000**	**11,367**	**81,367**	**-**	**14%**
	2015	-	-	-	**-**	-	0%
Richard Hyde	**2016**	**280,000**	**100,000**	**44,923**	**424,923**	**-**	**11%**
	2015	280,000	-	15,956	295,956	-	5%
Simon Storm	**2016**	**45,220**	**20,000**	**-**	**65,220**	**-**	**0%**
	2015	44,980	-	-	44,980	-	0%
Francis Harper	**2016**	**-**	**-**	**-**	**-**	**-**	**0%**
Resigned 23/6/15	2015	34,327	-	-	34,327	-	0%
Jean-Marc Lulin	**2016**	**5,611**	**-**	**-**	**5,611**	**-**	**0%**
Resigned 28/8/15	2015	35,000	-	-	35,000	-	0%
Colin Jones	**2016**	**-**	**-**	**-**	**-**	**-**	**0%**
Resigned 28/8/15	2015	35,000	-	-	35,000	-	0%
Total	**2016**	**380,831**	**140,000**	**56,290**	**577,121**	**-**	**10%**
	2015	429,307	-	15,956	445,263	-	4%

C. Service agreements

The Company has entered into a consultancy agreement with Azurite Consulting Pty Ltd, an entity associated with Richard Hyde, for the term of 3 years, expiring 30 June 2019, for the provision of technical and corporate services. Annual fees payable to Azurite are $300,000 plus GST to be reviewed annually. The Company may terminate the consultancy agreement on 1 month's notice by paying 6 months of consultancy fees. Azurite may terminate the consultancy agreement due to breach or upon 3 months notice. Amount payable at Balance date $23,333 (2015: $23,333)

The Company has entered into a consultancy agreement with Dorado Corporate Services Pty Ltd, an entity associated with Simon Storm, for the provision of company secretarial and accounting services. These fees comprise a retainer of $5,417 per month together with fees of $180 per hour, where the number of hours each month exceeds 20 by Mr Storm.

D. Option holdings of Key Management Personnel

30-Jun-16	Balance at beginning of period 1 Jul 2015	Options Exercised	Net Change Other	Balance at end of period 30 Jun 2016	Vested at 30 June 2016		
					Total	Exercisable	Not Exercisable
Directors							
Mark Connelly	-	-	3,000,000	3,000,000	-	-	-
Richard Hyde	4,000,000	-	-	4,000,000	2,000,000	2,000,000	-
Simon Storm	-	-	-	-	-	-	-
Jean-Marc Lulin[1]	75,000	-	(75,000)	-	-	-	-
Colin Jones[1]	-	-	-	-	-	-	-
Total	**4,075,000**	**-**	**2,925,000**	**7,000,000**	**2,000,000**	**2,000,000**	**-**

[1] resigned 28 August 2015

Shares issued on Exercise of Compensation Options

No shares were issued on exercise of compensation options in the year ended 30 June 2016 (30 June 2015: Nil).

E. Share holdings of Key Management Personnel

30-Jun-16	Balance at beginning of period 1 July 2015	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2016
Directors					
Mark Connelly	-	-	-	-	-
Richard Hyde	16,050,000	-	-	230,769	16,280,769
Simon Storm	2,860,000	-	-	230,769	3,090,769
Jean-Marc Lulin[1]	85,000	-	-	(85,000)	-
Colin Jones[1]	-	-	-	-	-
Total	**18,995,000**	**-**	**-**	**376,538**	**19,371,538**

[1] resigned 28 August 2015

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

F. Loans to Key Management Personnel

No loans have been provided to KMP during the year.

G. Transactions with KMP

	Consolidated 2016 $	Consolidated 2015 $
Directors The Director and Company Secretary, Mr Storm is a director and shareholder of Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services to the company on normal commercial terms. This excludes fees included as remuneration noted under (c). Amount payable at Balance date $6,895 (2015: $7,570)	**44,150**	47,450
The Managing Director's spouse has provided office premises for $440 per week at 14 Southbourne Street, Scarborough, Western Australia. Amount payable at Balance date $Nil (2015: $2,200)	**19,537**	23,723
The Chairman, Mr Connelly is a director of Ausdrill Ltd which through its wholly owned subsidiary, African Mining Services Burkina Faso SARL, has provided exploration drilling services to Tanlouka SARL on normal commercial terms. Mr Connelly is not party to any of these commercial negotiations. This excludes fees included as remuneration noted under (c). Amount payable at Balance date $681,472 (2015: $Nil)	**873,577**	-
	937,264	71,173

End of Remuneration Report

Directors' Interests

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

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

Directors' Meetings

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

Director	Directors Meetings		Audit Committee Meetings	
	A	B	A	B
Mark Connelly	4	4	2	2
Richard Hyde	4	4	2	2
Simon Storm	4	4	2	2
Jean-Marc Lulin	-	1	-	-
Colin Jones	1	1	-	-

A - meetings attended

B - meetings held whilst a director

In addition, 8 circular resolutions recorded various decisions of the Board during the year.

Share Options

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

Date of issue	Exercise Price	Date of report
16-Jan-13	0.40	2,171,792
27-Nov-13	0.40	1,935,357
17-Jan-14	0.62-1.66	807,500
22-Dec-14	0.14	40,545,224
20-Feb-15	0.145	5,750,000
18-Aug-15	0.10	500,000
01-Dec-15	0.15	2,000,000
22-Dec-15	0.08	5,000,000
03-Jun-16	0.10	1,000,000
03-Jun-16	0.15	1,000,000
06-Jun-16	0.085	5,000,000
Total		**65,709,873**

Refer to Note 21 for Option expiry dates.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This written Auditor's Independence Declaration is set out on page 49 and forms part of this Directors' Report.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated entity are important.

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

The Board of Directors would consider the position, through the Audit Committee, and satisfy themselves that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Furthermore, the Directors need to ensure that:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

	Consolidated	
	2016 $	2015 $
The auditor of West African Resources Ltd is HLB Mann Judd.		
Audit or review of the financial statements	**26,750**	26,285
	26,750	26,285
Amounts received or due and receivable by non HLB Mann Judd audit firms		
Audit or review of the financial statements	**6,706**	5,224
	6,706	5,224

Signed in accordance with a resolution of the directors.

Richard Hyde
Director
Perth, 30 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue from continuing operations	**2(a)**	**34,995**	10,765
Foreign exchange gain	**2(a)**	**-**	263,337
Regulatory and compliance expense		**(152,994)**	(93,757)
Office expense		**(160,180)**	(90,200)
Depreciation expense	**2(b)**	**(131,482)**	(294,853)
Personnel expense		**(329,220)**	(224,085)
Travel and accommodation expense		**(87,315)**	(15,769)
Property expense		**(93,880)**	(80,535)
Consulting fee expense		**(399,180)**	(636,510)
Audit fees		**(39,975)**	(33,004)
Directors' fees		**(195,611)**	(104,327)
Share based payments	**21**	**(81,579)**	(2,219,079)
Exploration related costs	**2(b)**	**(4,477,361)**	(3,089,850)
Feasibility and scoping studies	**2(b)**	**(1,280,028)**	(1,094,576)
Impairment of non current assets		**(448)**	-
Foreign exchange loss	**2(b)**	**(116,503)**	-
Interest expense		**(574,259)**	(268,366)
Loss before tax		**(8,085,020)**	(7,970,809)
Income tax benefit	**3**	**279,575**	279,478
Loss after tax		**(7,805,445)**	(7,691,331)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**2,570**	(365,128)
Other comprehensive income/(loss), net of income tax		**2,570**	(365,128)
Total comprehensive loss for the half-year attributable to the owners of West African Resources Ltd		**(7,802,875)**	(8,056,459)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)	**4**	**(2.6)**	(2.8)

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

The accompanying notes form part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated	
		2016	2015
		$	$
CURRENT ASSETS			
Cash and cash equivalents	**6**	**11,376,615**	3,511,892
Trade and other receivables	**7**	**164,364**	81,983
Financial assets	**8**	**35,156**	34,161
Total Current Assets		**11,576,135**	3,628,036
NON-CURRENT ASSETS			
Plant & equipment	**9**	**80,497**	182,035
Total Non-Current Assets		**80,497**	182,035
TOTAL ASSETS		**11,656,632**	3,810,071
CURRENT LIABILITIES			
Trade and other payables	**10**	**1,709,974**	668,450
Borrowings	**11**	**6,756,756**	-
Total Current Liabilities		**8,466,730**	668,450
NON-CURRENT LIABILITIES			
Borrowings	**11**	**-**	6,493,506
Total Non-current Liabilities		**-**	6,493,506
TOTAL LIABILITIES		**8,466,730**	7,161,956
NET ASSETS/(LIABILITIES)		**3,189,902**	(3,351,885)
EQUITY			
Issued capital	**12**	**45,556,946**	32,173,325
Reserves	**13**	**6,185,601**	5,221,990
Accumulated losses		**(48,552,645)**	(40,747,200)
TOTAL EQUITY/(DEFICIT)		**3,189,902**	(3,351,885)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
		Inflows/(Outflows)	
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(1,304,180)**	(1,032,725)
Exploration related expenditure		**(3,167,798)**	(3,495,255)
Feasibility and scoping expenditure		**(1,178,864)**	(991,309)
Purchase of prospects and investments		**(366,720)**	(20,792)
Interest received		**18,462**	13,546
Interest paid		**(554,294)**	(3,002)
Other - R&D tax offset		**279,575**	279,478
Net cash outflow from operating activities	**6(i)**	**(6,273,819)**	(5,250,059)
Cash Flows from Investing Activities			
Purchase of plant and equipment		**(21,409)**	(28,132)
Net cash outflow from investing activities		**(21,409)**	(28,132)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**14,844,665**	-
Proceeds from convertible note facility		**-**	6,172,840
Share issue related costs		**(860,388)**	-
Convertible note related costs		**-**	(154,321)
Net cash inflow from financing activities		**13,984,277**	6,018,519
Net increase in cash held		**7,689,049**	740,328
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		**175,674**	248,647
Cash at the end of the financial period	**6**	**11,376,615**	3,511,892

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated				
	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	$	$	$	$	$
Balance at 1 July 2014	32,173,325	(33,055,869)	428,304	2,939,735	2,485,495
Loss after tax	-	(7,691,331)	-	-	(7,691,331)
Net exchange differences on translation of the financial reports of foreign subsidiaries	-	-	(365,128)	-	(365,128)
Share based payments	-	-	-	2,219,079	2,219,079
Balance at 30 June 2015	32,173,325	(40,747,200)	63,176	5,158,814	(3,351,885)
Balance at 1 July 2015	**32,173,325**	**(40,747,200)**	**63,176**	**5,158,814**	**(3,351,885)**
Shares issued during the year net of transaction costs	**13,383,621**	**-**	**-**	**-**	**13,383,621**
Loss after tax	**-**	**(7,805,445)**	**-**	**-**	**(7,805,445)**
Net exchange differences on translation of the financial reports of foreign subsidiaries	**-**	**-**	**2,570**	**-**	**2,570**
Share based payments	**-**	**-**	**-**	**961,041**	**961,041**
Balance at 30 June 2016	**45,556,946**	**(48,552,645)**	**65,746**	**6,119,855**	**3,189,902**

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

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

Separate financial statements for West African Resources Limited, an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. However, required financial information for West African Resources Limited as an individual entity is included in Note 22.

(b) Adoption of new and revised standards

In the year ended 30 June 2016, the Directors have adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorized for issue on 30 September 2016.

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

(d) Principles of Consolidation

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

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

(e) Cash and cash equivalents

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

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

(f) Income Tax

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

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

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

(g) Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(h) Exploration and Evaluation Expenditure

Mineral exploration and evaluation costs are expensed as incurred. Acquisition costs will normally be expensed but will be assessed on a case by case basis and if appropriate may be capitalised. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the tenement. Accumulated acquisition costs in relation to an abandoned tenement are written off in full against profit or loss in the year in which the decision to abandon the tenement is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, all future costs are recorded as a development asset.

(i) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(j) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(k) Trade and other accounts payable

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

(l) Borrowings

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

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

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

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

(m) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

(n) Issued Capital

Ordinary Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(p) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(q) Share Based Payments

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes or Binomial option pricing models.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(r) Foreign currency translation

Both the functional and presentation currency of West African Resources Limited and its Australian subsidiary is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the foreign subsidiaries, Wura Resources Pty Ltd SARL, Swan Resources SARL, Hawthorn Resources SARL, West African Resources Exploration SARL, West African Resources Development SARL, West African Resources Ltd SARL and Tanlouka SARL is the Communaute Financiere Africaine Franc (CFA). The functional currency of the foreign subsidiary, Channel Resources Ltd is the Canadian Dollar (CAD). The functional currency of the foreign subsidiaries, Channel Resources (Cayman I) Ltd and Channel Resources (Cayman II) Ltd is the United States Dollar (USD).

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

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(s) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(t) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(u) Parent Entity Financial Information

The financial information for the parent entity, West African Resources Limited disclosed in Note 22 has been prepared on the same basis as the Group.

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2016 $	2015 $
(a) Revenue		
Interest received	**34,995**	10,765
Net foreign exchange gains	**-**	263,337
	34,995	274,102

	Consolidated	
	2016 $	2015 $
(b) Expenses		
Depreciation of non-current assets	**131,482**	294,853
Foreign exchange loss	**116,503**	-
Exploration expenditure		
Exploration related costs	**4,477,361**	3,089,850
Feasibility and scoping studies	**1,280,028**	1,094,576
	5,757,389	4,184,426

NOTE 3: INCOME TAX

(a) Income tax recognised in profit or loss

No income tax is payable by the consolidated entity as they recorded losses for income tax purposes for the year.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

	Consolidated	
	2016 $	2015 $
Accounting loss before tax	**(8,085,020)**	(7,970,809)
Income tax benefit at 30% (2015:30%)	**2,425,506**	2,391,243
Non-deductible expenses:		
Foreign exchange gain	**44,050**	73,329
Share based payments	**(24,474)**	(665,724)
Impairment of loan to third party	**(134)**	-
Other non deductible expenses	**(414)**	(1,380)
Temporary differences not recognised	**(71,531)**	23,906
Unused tax losses not recognised	**(1,995,903)**	(1,444,274)
Accounting expenditure subject to R&D tax incentive	**(377,100)**	(377,100)
R&D tax incentive	**279,575**	279,478
Income tax benefit attributable to loss from ordinary activities before tax	**279,575**	279,478

NOTE 3: INCOME TAX (Continued)

	Consolidated	
	2016 $	2015 $
Unrecognised deferred tax balances		
Tax losses attributable to members of the group - revenue	**39,385,063**	32,770,462
Potential tax benefit at 30%	**11,815,519**	9,831,139
Deferred tax asset asset not booked		
Amounts recognised in profit & loss:		
-accrued expenses	**306,940**	133,666
-share issue costs	**372,354**	107,880
Net unrecognised deferred tax asset at 30%	**12,494,813**	10,072,685

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(f) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(f) are satisfied.

NOTE 4: LOSS PER SHARE

	Consolidated	
	2016 Cents	2015 Cents
Basic and diluted loss per share (cents per share)	**(2.6)**	(2.8)
The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Loss for the year	**(7,805,445)**	(7,691,331)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	**300,085,223**	270,301,498

NOTE 5: SEGMENT REPORTING

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank and in hand	**257,118**	274,974
Deposits at call	**11,119,497**	3,236,918
	11,376,615	3,511,892

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

	Consolidated 2016 $	Consolidated 2015 $
(i) Reconcilation to Statement of Cash Flows		
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.		
Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	**11,376,615**	3,511,892

(ii) Reconciliation of loss after income tax to net cash flows from operating activities:

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax	**(7,805,445)**	(7,691,331)
Depreciation	**131,482**	294,853
Share based payments	**81,579**	2,219,079
Foreign exchange (gain)/loss	**116,503**	(263,337)
Impairment of non current assets	**448**	-
Non cash share issue for acquisition of 10% of Tanlouka SARL	**300,000**	-
	(7,175,433)	(5,440,736)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(13,055)**	(19,472)
(Increase)/decrease in Financial assets	**(995)**	-
(Decrease)/Increase in trade and other payables	**895,699**	210,149
(Decrease)/Increase in borrowings	**19,965**	-
Net cash (outflow) from operating activities	**(6,273,819)**	(5,250,059)

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016 $	2015 $
Current		
Prepayments	**6,697**	6,509
Other receivables	**157,667**	75,474
	164,364	81,983

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

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated	
	2016 $	2015 $
Current		
Term deposit	**35,156**	34,161
	35,156	34,161

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group				
	Buildings $	Office Equipment $	Plant & Equipment $	Motor Vehicles $	Total $
Year ended 30 June 2015					
At 1 July 2014, net of accumulated depreciation	11,708	36,526	343,667	58,691	450,592
Effects of movement in foreign exchange	(74)	(52)	(1,367)	(344)	(1,837)
Additions	3,041	24,264	828	-	28,133
Depreciation charge for the year	(11,046)	(30,107)	(201,829)	(51,871)	(294,853)
At 30 June 2015, net of accumulated depreciation	3,629	30,631	141,299	6,476	182,035
Year ended 30 June 2016					
At 1 July 2015, net of accumulated depreciation	**3,629**	**30,631**	**141,299**	**6,476**	**182,035**
Effects of movement in foreign exchange	**167**	**1,369**	**6,635**	**364**	**8,535**
Additions	**-**	**14,106**	**2,511**	**4,792**	**21,409**
Depreciation charge for the year	**(2,310)**	**(19,806)**	**(101,556)**	**(7,810)**	**(131,482)**
At 30 June 2016, net of accumulated depreciation	**1,486**	**26,300**	**48,889**	**3,822**	**80,497**
At 30 June 2015					
Cost	34,629	178,772	1,226,247	776,224	2,215,872
Accumulated depreciation	(31,000)	(148,141)	(1,084,948)	(769,748)	(2,033,837)
Net carrying amount	3,629	30,631	141,299	6,476	182,035
At 30 June 2016					
Cost	**35,814**	**198,086**	**1,270,754**	**807,599**	**2,312,253**
Accumulated depreciation	**(34,328)**	**(171,786)**	**(1,221,865)**	**(803,777)**	**(2,231,756)**
Net carrying amount	**1,486**	**26,300**	**48,889**	**3,822**	**80,497**

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

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated	
	2016 $	2015 $
Current		
Trade payables	**686,842**	222,898
Accruals	**629,496**	90,908
Interest payable	**285,329**	265,364
Other payables	**108,307**	89,280
	1,709,974	668,450

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

NOTE 11: BORROWINGS

	Consolidated	
	2016 $	2015 $
Current		
Loan	**6,756,756**	-
Non-current		
Loan	**-**	6,493,506
	6,756,756	6,493,506

Interest-bearing loans and borrowings	Consolidated			
Non-current interest-bearing loans and borrowings	Interest rate %	Maturity	2016	2015
8.15% secured loan of US$5,000,000	**LIBOR +7.5%**	30-Sep-16	**6,756,756**	6,493,506

(i) Information on Facility

A 8.15% secured loan of US$5,000,000 with the Metals & Energy Capital Division of Macquarie Bank Limited. The Facility 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 Company repaid the loan on 24 August 2016.

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

NOTE 11: BORROWINGS CONTINUED

(ii) Fair Values

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

	Carrying Amount		Fair value	
	2016	2015	2016	2015
Floating rate borrowings	**6,756,756**	6,493,506	**6,690,043**	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.

NOTE 12: ISSUED CAPITAL

	Consolidated	
	2016 $	2015 $
408,873,253 (30 June 2015: 270,301,498) fully paid ordinary shares	**45,556,946**	32,173,325

(a) Shares

(i) Ordinary shares - number	Consolidated 2016 No.	Consolidated 2015 No.
At start of period	**270,301,498**	270,301,498
Issue of shares 17 November 2015	**2,500,000**	-
Issue of shares 22 December 2015	**31,402,541**	-
Issue of shares 4 February 2016	**4,669,214**	-
Issue of shares 26 April 2016	**29,800,000**	-
Issue of shares 6 June 2016	**70,200,000**	-
Balance at 30 June 2016	**408,873,253**	270,301,498

(ii) Ordinary shares – value	Consolidated 2016 $	Consolidated 2015 $
At start of period	**32,173,325**	32,173,325
Issue of shares 17 November 2015	**300,000**	-
Issue of shares 22 December 2015	**2,041,165**	**-**
Issue of shares 4 February 2016	**303,500**	**-**
Issue of shares 26 April 2016	**3,725,000**	-
Issue of shares 6 June 2016	**8,775,000**	-
Share issue costs	**(1,761,044)**	**-**
Balance at 30 June 2016	**45,556,946**	32,173,325

NOTE 12: ISSUED CAPITAL CONTINUED

(b) Options

	Consolidated	
	2016 No.	2015 No.
At start of period	**51,679,873**	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	**500,000**	-
Issue of options 1 December 2015	**2,000,000**	-
Issue of options 22 December 2015	**5,000,000**	-
Issue of options 3 June 2016	**1,000,000**	-
Issue of options 3 June 2016	**1,000,000**	-
Issue of options 6 June 2016	**5,000,000**	-
Expiry of options	**(470,000)**	(4,351,250)
Balance at 30 June 2016	**65,709,873**	51,679,873

Refer to Note 21 for Option expiry dates.

(c) Warrants

	Consolidated	
	2016 No.	2015 No.
At start of period	**14,918,508**	14,918,508
Balance at 30 June 2016	**14,918,508**	14,918,508

NOTE 13: RESERVES

	Consolidated	
	2016 $	2015 $
Reserves	**6,185,601**	5,221,990

Reserves comprise the following:

Foreign Currency Translation Reserve

At start of period	**63,176**	428,304
Currency translation differences	**2,570**	(365,128)
Balance at 30 June 2016	**65,746**	63,176

Share Based Payments Reserve

At start of period	**5,158,814**	2,939,735
Options issued - share based payment expense	**81,579**	2,219,079
Options issued - share issue costs	**879,462**	-
Balance at 30 June 2016	**6,119,855**	5,158,814

NOTE 13: RESERVES CONTINUED

Nature and purpose of reserves

Foreign currency translation reserve

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

Shared Based Payments reserve

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

NOTE 14: FINANCIAL INSTRUMENTS

Consolidated			Fixed Interest Rate Maturing				
30-Jun-16	Weighted Average Effective Interest Rate	Floating Interest Rate $	Within Year $	1 to 5 Years $	Over 5 Years $	Non-interest bearing $	Total $
Financial Assets:							
Cash & cash equivalents	**0.8%**	**257,118**	**11,116,991**	**-**	**-**	**2,506**	**11,376,615**
Trade and other receivables		**-**	**-**	**-**	**-**	**164,364**	**164,364**
Financial Assets		**-**	**35,156**	**-**	**-**	**-**	**35,156**
Total Financial Assets		**257,118**	**11,152,147**	**-**	**-**	**166,870**	**11,576,135**
Financial Liabilities:							
Trade and other payables		**-**	**-**	**-**	**-**	**1,709,974**	**1,709,974**
Borrowings	**8.13%**	**6,756,756**	**-**	**-**	**-**	**-**	**6,756,756**
Total financial liabilities		**6,756,756**	**-**	**-**	**-**	**1,709,974**	**8,466,730**

Consolidated			Fixed Interest Rate Maturing				
30-Jun-15	Weighted Average Effective Interest Rate	Floating Interest Rate $	Within Year $	1 to 5 Years $	Over 5 Years $	Non-interest bearing $	Total $
Financial Assets:							
Cash & cash equivalents	0.3%	274,974	268	-	-	3,236,650	3,511,892
Trade and other receivables		-	-	-	-	81,983	81,983
Financial Assets		-	34,161	-	-	-	34,161
Total Financial Assets		274,974	34,429	-	-	3,318,633	3,628,036
Financial Liabilities:							
Trade and other payables		-	-	-	-	668,450	668,450
Borrowings	7.95%	6,493,506	-	-	-	-	6,493,506
Total financial liabilities		6,493,506	-	-	-	668,450	7,161,956

NOTE 15: EXPENDITURE COMMITMENTS AND CONTINGENCIES

Expenditure commitments contracted for:	Consolidated 2016 $	2015 $
Exploration Tenements		
In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements and are payable:		
- not later than 12 months	**864,750**	864,750
- between 12 months and 5 years	**3,094,692**	3,094,692
- greater than 5 years	**469,940**	469,940
	4,429,382	4,429,382

Other Contingencies

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 16: RELATED PARTY DISCLOSURE

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

Controlled entities	Country of incorporation	Percentage Owned 2016 %	2015 %
Parent Entity:			
West African Resources Ltd	Australia		
Subsidiaries of West African Resources Ltd:			
Wura Resources Pty Ltd SARL	Burkina Faso	**100**	100
Swan Resources SARL	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 Islands	**100**	100
which owns			
Channel Resources (Cayman II) Ltd	Cayman Islands	**100**	100
which owns			
Tanlouka SARL	Burkina Faso	**100**	90

The Company finances the operations of Wura Resources Pty Ltd SARL, WAR Development SARL, Channel Resources Ltd, Channel Resources (Cayman I) Ltd, Channel Resources (Cayman II) Ltd and Tanlouka SARL and thus these companies will have unsecured borrowings from the Company that are interest free and at call. The ability for these controlled entities to repay debts due to the company (and other parties) will be dependent on the commercialisation of the mining assets owned by the subsidiaries.

NOTE 16: RELATED PARTY DISCLOSURE CONTINUED

	Consolidated		Parent Entity	
Amounts owed by / (to) Related Parties	2016 $	2015 $	2016 $	2015 $
Subsidiaries				
Wura Resources Pty Ltd SARL	-	-	**19,980,317**	19,116,780
West African Resources Development SARL			**111,152**	38,710
Tanlouka SARL	-	-	**5,015,524**	2,436,458
Channel Resources (Cayman I) Ltd			-	13,580
Channel Resources (Cayman II) Ltd	-	-	-	67,343
Channel Resources Ltd	-	-	-	(65,215)
Total	-	-	**25,106,993**	21,607,656
Provision for impairment	-	-	**(25,106,993)**	(21,574,831)
	-	-	-	32,825
Amounts payable to Directors for Directors Fees (including GST)	**32,500**	17,500	**32,500**	17,500
Amounts payable to Directors for Consulting Fees (including GST)	**149,786**	29,786	**149,786**	29,786

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

NOTE 17: SUBSEQUENT EVENTS AFTER THE BALANCE DATE

On 18 August 2016, the Group raised $21 million by issuing 70,000,000 ordinary shares at 30 cents.

On 24 August 2016, the Group repaid the US$5 million (A$6.6 million) loan facility to the Metals & Energy Capital Division of Macquarie Bank Limited ahead of its maturity date of 30 September 2016.

Other than this, there has not been any matter or circumstance not otherwise disclosed that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 18: AUDITORS' REMUNERATION

	Consolidated	
	2016 $	2015 $
The auditor of West African Resources Ltd is HLB Mann Judd.		
Audit or review of the financial statements	**26,750**	26,285
	26,750	26,285
Amounts received or due and receivable by non HLB Mann Judd audit firms		
Audit or review of the financial statements	**6,706**	5,224
	6,706	5,224

NOTE 19: DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Directors

Mark Connelly	Chairman (non-executive)
Richard Hyde	Managing Director
Simon Storm	Director (non-executive)
Jean-Marc Lulin	Director (non-executive) Resigned 28 August 2015
Colin Jones	Director (non-executive) Resigned 28 August 2015

(b) Compensation of Key Management Personnel

	Consolidated	
	2016 $	2015 $
Short-term employee benefits	**520,831**	429,307
Share-based payments	**56,290**	15,956
	577,121	445,263

(c) Compensation by category of Key Management Personnel for the year ended 30 June 2016

Consulting fees were paid to Directors, details of which are included in the Remuneration Report in the Directors' Report and are excluded from this table.

(d) Other transactions and balances with Key Management Personnel

	Consolidated	
	2016 $	2015 $
Directors		
The Director and Company Secretary, Mr Storm is a director and shareholder of Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services to the company on normal commercial terms. This excludes fees included as remuneration noted under (c). Amount payable at Balance date $6,895 (2015: $7,570)	**44,150**	47,450
The Managing Director's spouse has provided office premises for $440 per week at 14 Southbourne Street, Scarborough, Western Australia. Amount payable at Balance date $Nil (2015: $2,200)	**19,537**	23,723
The Chairman, Mr Connelly is a director of Ausdrill Ltd which through its wholly owned subsidiary, African Mining Services Burkina Faso SARL, has provided exploration drilling services to Tanlouka SARL on normal commercial terms. Mr Connelly is not party to any of these commercial negotiations. This excludes fees included as remuneration noted under (c). Amount payable at Balance date $681,472 (2015: $Nil)	**873,577**	-
	937,264	71,173

NOTE 20: FINANCIAL RISK MANAGEMENT

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

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

The Group held the following financial instruments:

	Consolidated	
	2016 $	2015 $
Financial assets		
Cash and cash equivalents	**11,376,615**	3,511,892
Trade and other receivables	**164,364**	81,983
Financial Assets	**35,156**	34,161
	11,576,135	3,628,036
Financial liabilities		
Trade and other payables	**(1,709,974)**	(668,450)
Borrowings	**(6,756,756)**	(6,493,506)
	(8,466,730)	(7,161,956)

(a) Market risk

Cash flow and fair value interest rate risk

The Consolidated entity's main interest rate risk arises from cash deposits to be applied to exploration of areas of interest. Deposits at variable rates expose the Consolidated entity to cash flow interest rate risk. Deposits at fixed rates expose the Consolidated entity to fair value interest rate risk. During 2015 and 2015, the Consolidated entity's deposits at variable rates were denominated in Australian Dollars.

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

	2016 Weighted average interest rate %	Balance $	2015 Weighted average interest rate %	Balance $
Deposits and Cash at Bank		**11,374,109**		275,242
Net exposure to cash flow interest rate risk	0.8%	**11,374,109**	0.3%	275,242

The Consolidated entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into the renewal of existing positions.

Sensitivity – Consolidated and Parent entity

During 2016 and 2015, if interest rates had been 10% higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax loss for the year. Equity would not have been impacted materially.

Foreign currency risk

As a result of operations in Burkina Faso and purchases denominated in CFA Francs, the Group's statement of financial position can be affected by movements in the CFA Franc/A$ exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by minimising its holding of CFA Francs and only transfers funds to Burkina Faso as required.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group also has transactional currency exposures. Such exposure arises from purchases by an operating entity in currencies other than the functional currency.

The Group does not have a policy to enter into forward contracts and does not negotiate hedge derivatives to exactly match the terms of the hedged item.

At 30 June 2016 and 30 June 2015, the Group had the following exposure to CFA Franc, Euro, United States Dollar and Canadian Dollar foreign currencies expressed in A$ equivalents that are not designated in cash flow hedges:

	2016 $	2015 $
Financial assets		
Cash and cash equivalents	**250,360**	3,498,694
Trade and other receivables	**19,575**	23,530
	269,935	3,522,224
Financial liabilities		
Trade and other payables	**379,828**	330,745
Borrowings	**6,756,757**	6,493,506
	7,136,585	6,824,251

At 30 June 2016 and 30 June 2015, had the Australian Dollar moved by up or down by 10% against the CFA, CAD or EURO, with all other variables held constant, post tax profit and equity would have not been materially affected.

At 30 June 2016 and 30 June 2015, the Group had the following exposure to United States Dollar foreign exchange risk:

	Consolidated		Consolidated	
	2016 $	2015 $	2016 USD	2015 USD
Financial assets				
Cash and cash equivalents	**3,733**	3,244,758	**2,763**	2,498,464
	3,733	3,244,758	**2,763**	2,498,464
Financial liabilities				
Trade and other payables	**6,627**	271,733	**4,904**	211,888
Borrowings	**6,756,757**	6,493,506	**5,000,000**	5,000,000
	6,763,384	6,765,239	**5,004,904**	5,211,888

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

	USD Impact	
	2016 $	2015 $
Profit or loss		
Appreciation of AUD:USD by 10% from 0.74 to 0.81 (2015: 0.77 to 0.84)	**614,514**	316,911
Depreciation of AUD:USD by 10% from 0.74 to 0.67 (2015: 0.77 to 0.69)	**(751,072)**	(394,994)
	(136,558)	(78,083)

NOTE 20: FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The Consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Consolidated entity will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

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

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

Year ended 30 June 2015	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	3,511,892	-	-	-	3,511,892
Trade & other receivables	81,983	-	-	-	81,983
Financial Assets	34,161	-	-	-	34,161
	3,628,036	-	-	-	3,628,036
Financial liabilities					
Trade & other payables	(668,450)	-	-	-	(668,450)
Borrowings	-	-	(6,493,506)	-	(6,493,506)
	(668,450)	-	(6,493,506)	-	(7,161,956)
Net maturity	2,959,586	-	(6,493,506)	-	(3,533,920)

NOTE 21: SHARE BASED PAYMENTS

Set out below is a summary of the options granted by the Group during the 2016 and 2015 financial years. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

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

Grant Date	Fair value at grant date of options (cents)	Share price on grant date (cents)	Expected Volatility	Option life	Expected Dividends	Risk-free interest rate
Unlisted Options - 30 June 2016						
18-Aug-15	0.04	0.07	100%	3 years	0%	2.00%
01-Dec-15	0.04	0.07	100%	3 years	0%	2.00%
22-Dec-15	0.05	0.08	100%	3 years	0%	2.00%
03-Jun-16	0.11	0.16	100%	3 years	0%	1.57%
03-Jun-16	0.10	0.16	100%	3 years	0%	1.57%
06-Jun-16	0.13	0.17	100%	3 years	0%	1.57%

Grant Date	Expiry date	Exercise price	Granted during the year	Vesting Period
Unlisted Options - 30 June 2015				
22-Dec-14	30-Sep-17	$0.14	40,545,224	22-Dec-14
20-Feb-15	20-Feb-18	$0.15	2,875,000	Positive Feasibility Study
20-Feb-15	20-Feb-18	$0.15	2,875,000	First Production of gold

Grant Date	Fair value at grant date of options (cents)	Share price on grant date (cents)	Expected Volatility	Option life	Expected Dividends	Risk-free interest rate
Unlisted Options - 30 June 2015						
22-Dec-14	0.05	0.10	100%	2.8 years	0%	2.25%
20-Feb-15	0.05	0.09	100%	3 years	0%	2.25%

Expenses arising from share-based payment transactions:

	Consolidated	
	2016 $	2015 $
Share based payments to Directors	**56,290**	15,956
Share based payments to employees	**19,654**	20,485
Share based payments to third party	**5,635**	2,182,638
	81,579	2,219,079

NOTE 22: PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	2016 $	**2015 $**
CURRENT ASSETS		
Cash and cash equivalents	**11,110,550**	3,228,424
Trade and other receivables	**118,257**	32,095
Financial assets	**35,156**	34,161
Total Current Assets	**11,263,963**	3,294,680
NON-CURRENT ASSETS		
Financial assets	**12,789**	45,614
Plant & equipment	**299**	755
Total Non-Current Assets	**13,088**	46,369
TOTAL ASSETS	**11,277,051**	3,341,049
CURRENT LIABILITIES		
Trade and other payables	**840,289**	561,369
Borrowings	**6,756,756**	-
Total Current Liabilities	**7,597,045**	561,369
NON-CURRENT LIABILITIES		
Borrowings	**-**	6,493,506
Total non-current Liabilities	**-**	6,493,506
TOTAL LIABILITIES	**7,597,045**	7,054,875
NET ASSETS/(LIABILITIES)	**3,680,006**	(3,713,826)
EQUITY		
Issued capital	**45,556,946**	32,173,325
Reserves	**6,119,855**	5,158,814
Accumulated losses	**(47,996,795)**	(41,045,965)
TOTAL EQUITY	**3,680,006**	(3,713,826)
Loss before income tax expense	**(7,230,405)**	(8,139,906)
Income tax benefit	**279,575**	279,478
Total comprehensive loss	**(6,950,830)**	(7,860,428)

Guarantees, Commitments and Contingencies

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

Directors' Declaration

1. In the opinion of the Directors:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year then ended; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1 (c).

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2016.

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

RHyde

Richard Hyde
Director

30 September 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of West African Resources Limited for the year ended 30 June 2016, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2016

N G Neill
Partner

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

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of West African Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of West African Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

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HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of West African Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of West African Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
30 September 2016

ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 September 2016

(a) Distribution of shares

The numbers of shareholders, by size of holding are:

Category (size of holding)	Number of Holders
1 - 1,000	45
1,001 - 5,000	154
5,001 - 10,000	269
10,001 - 100,000	642
100,001 - and over	311
	1,421

The number of shareholdings held in less than marketable parcels is 68.

(b) Twenty largest shareholders

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

	SHAREHOLDERS	Number of shares held	% Holding
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	97,506,904	20.36%
2	NATIONAL NOMINEES LIMITED	41,579,724	8.68%
3	CDS & CO	22,594,670	4.72%
4	BOSTON FIRST CAPITAL PTY LTD	16,467,500	3.44%
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	13,490,574	2.82%
6	LUJETA PTY LTD <THE MARGARET ACCOUNT>	10,513,334	2.20%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	10,108,169	2.11%
8	MR FRANCIS ROBERT HAWDON HARPER	10,030,372	2.09%
9	CITICORP NOMINEES PTY LIMITED	9,571,429	2.00%
10	ALOHA INVESTMENTS PTY LTD <ALOHA INVESTMENT A/C>	8,550,000	1.79%
11	BNP PARIBAS NOMS PTY LTD <DRP>	8,177,607	1.71%
12	MR RICHARD HYDE	7,730,769	1.61%
13	MR FRANCIS ROBERT HAWDON HARPER	5,450,464	1.14%
14	MR WILLIAM BOOTH	5,334,913	1.11%
15	MR GRAEME JOHN HAINES <G & S HAINES S/F A/C>	4,963,000	1.04%
16	CEDE & CO	4,565,982	0.95%
17	MR JEFFREY MICHAEL WILSON	4,000,000	0.84%
18	LUJETA PTY LTD <THE MARGARET ACCOUNT>	3,846,154	0.80%
19	WESTBURY HOLDINGS (NSW) PTY LIMITED <BEISSEL FAMILY A/C>	3,656,924	0.76%
20	MR MICHAEL MORAWA	3,345,851	0.70%
		291,484,340	60.87%

Stock Exchange Listing

- Listing has been granted for the ordinary shares (ASX code: WAF) of the company on all Member Exchanges of the Australian Stock Exchange Limited "ASX") with 450,591,504 shares on the Australian Register; and
- Listing has been granted for the ordinary shares (TSX-V code: WAF) and warrants (TSX- V code: WAF.WT) of the company on the Toronto Stock Venture Exchange (TSX) with 28,281,749 shares and 14,918,508 warrants respectively on the Canadian Register

ADDITIONAL INFORMATION

(d) Substantial shareholders

The names of substantial shareholders are:

Shareholder	Number of shares
1832 Asset Management LP (Manager Dynamic Funds)	41,500,000

(e) Voting rights

All shares carry one vote per unit without restriction.

Summary of Tenements in Burkina Faso at 30 June 2016								
Tenement Name	**Registered Holder**	**% Held**	**Tenement Number**	**Grant Date**	**Expiry Date**	**Tene ment Type**	**Tene ment Area km2**	**Geographical Location**
Damongto	West African Resources Ltd SARL	100%	No 2015 000-192/MME/SG/DGCM	3/07/15	01/03/18	EL	36	Namentenga Province
Gorin	Wura Resources Pty Ltd SARL	100%	No 2014 00 48/MME/SG/DGMG	7/03/14	10/07/16	EL	183	Ganzourgou Province
Goudré	West African Resources Ltd SARL	100%	No 2015 000-193/MME/SG/DGCM	3/07/15	23/03/18	EL	250	Zounweogo Province
Manesse[(4)]	Tanlouka SARL							Ganzourgou Province
Sartenga	West African Resources Development SARL	100%	No 2015 000074/MME/SG/DGMG	15/10/14	4/08/17	EL	130.7	Namentenga Province
Sondo Sud	West African Resources Development SARL	100%	No 2015 000-154/MME/SG/DGCM	5/06/15	01/12/18	EL	18.3	Gnagna, Kouritenga Provinces
Toghin [(1)]	Wura Resources Pty Ltd SARL	100%	No 2011 11-162/MCE/SG/DGMGC	18/07/11	17/07/14	EL	222	Ganzourgou, Oubritenga Provinces
Vedaga [(1)]	West African Resources Exploration SARL	100%	No 2011 11-165/MCE/SG/DGMGC	18/07/11	17/07/14	EL	207.7	Gourma, Kouritenga Provinces
Zam [(3)]	Wura Resources Pty Ltd SARL	100%	No 2012 12-205/MCE/SG/DGMGC	27/09/12	30/12/14	EL	247.7	Zounweogo Province
Zam Sud	West African Resources Ltd SARL	100%	No 2015 000194/MCE/SG/DGMGC	1/03/15	1/03/18	EL	23.46	Ganzourgou Province
Tanlouka [(2)]	SOMISA S.A.	90%	No 2015-118/REG/OCT/PEI/DGCM			MLA	26	Ganzourgou Province

(1) The company has lodged a renewal application for this permit. Grant is pending.

(2) The company has lodged a mining license application for this permit.

(3) Application under review by MoM

(4) The company has lodged an application for an exploration license over the residual area of the previous Tanlouka permit.