West African Resources Limited

Annual Report

six months ended 31 December 2018

ABN 70 121 539 375

WEST AFRICAN RESOURCES

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CORPORATE INFORMATION

Directors
Mark Connelly (Non-Executive Chairman)
Richard Hyde (Managing Director)
Simon Storm (Non-Executive Director)
Ian Kerr (Non-Executive Director)

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Company Secretary
Simon Storm

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ASX Trading Code
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CHAIRMAN'S MESSAGE

Dear Shareholder,

I am pleased to present the six-month transition report for West African Resources Limited following the Company's decision to change its financial year end from 30 June to 31 December. This brings the Company's financial year into alignment with its operational subsidiaries in Burkina Faso, which will result in efficiency gains for group reporting.

The past six months have seen the Board and management team deliver on the promised transformation of your Company from a junior explorer into a significant developer of a world-class gold mine.

I sincerely thank our existing and new Shareholders for sharing our vision that Sanbrado is one of the best undeveloped gold projects globally and participating in the December 2018 A$43.2 million equity raising. With this equity raising, the US$200 million (A$278 million) debt funding through Taurus Funds Management Pty Ltd, and the A$35.0 million equity raising completed in May 2018 of the prior period, construction of the Sanbrado Gold Project in Burkina Faso is fully financed. Because of your support we are now almost certain of soon becoming a +200,000 ounce per annum gold producer.

The funding announcement and start of construction came less than three years after our discovery of ultra-high-grade gold at Sanbrado's M1 South deposit. To achieve this much in such a short time not only proves the world-class quality of Sanbrado and the capability of our management team, it also demonstrates the support and sophistication of Burkina Faso's government and national mining industry.

Securing the Sanbrado funding followed five months of work by West African's Board and management to complete extensive project due diligence and negotiate the best debt terms for our shareholders, and we undertook a highly competitive process from a strong bargaining position after receiving proposals from 14 banks and debt financiers.

It is exciting that we have started construction of Sanbrado, having ordered the long lead mill components and commenced construction of earthworks, building the accommodation camp, and excavating the box cut to provide underground access at M1 South. This is being led by the Company's experienced project build team, who have a significant track record of completing West African mining projects. We are also partnering with Lycopodium Engineering for the engineering and construction management and we are using proven manufacturers and technologies to ensure that the Sanbrado gold processing operations are the most reliable and efficient possible.

With construction fully funded and many key contracts awarded, we are on track to pouring first gold at the Sanbrado gold processing plant by the third quarter of the 2020 calendar year, which is now only 18-months away!

I take this opportunity to thank our management and staff for their efforts over the past six months that enabled us to secure the financing for Sanbrado, as well as progress the building of our mine. It is a testament to the dedication of our team, particularly the Company's founder and Managing Director Richard Hyde, for bringing this project close to its fruition.

There are more busy months ahead for West African as our team not only builds Sanbrado, but also works to complete the Sanbrado Optimisation and Feasibility Study update.

I also thank my fellow Directors for their support and dedication to West African achieving its goals.

With many more important milestones ahead of us in 2019, I look forward to sharing our journey with you.

MARK CONNELLY
Non-Executive Chairman

DIRECTOR'S REPORT

Your Directors present the financial report of West African Resources Limited (the "Company) and the consolidated entity (the "Group") for the six-month period ended 31 December 2018.

As announced on 13 November 2018, the Company changed its financial year end from 30 June to 31 December to align the Company's reporting period with its operational subsidiaries in Burkina Faso, which will result in efficiency gains for group reporting. The comparative period in this report is the previous 12-month financial year ending 30 June 2018.

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.

▪ Committee memberships	Audit Committee, Remuneration Committee (Chair)
▪ Other listed board memberships	Tao Commodities Ltd, Calidus Resources Ltd, Primero Group Ltd
▪ Previous listed board memberships (during past 3 years)	B2 Gold Corp, Ausdrill Ltd, Tiger Resources Ltd, Saracen Mineral Holdings Ltd, Cardinal Resources Ltd
▪ Interest in shares	60,000
▪ Interest in options	3,103,806

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.

▪ Committee memberships	Nil
▪ Other listed board memberships	Nil
▪ Previous listed board memberships (during past 3 years)	Nil
▪ Interest in shares	18,280,769
▪ Interest in options	3,660,899

Ian Kerr (BE (Civil) Hons II), MIE Aus
Non- Executive Director

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

▪ Committee memberships	Audit Committee, Remuneration Committee
▪ Other listed board memberships	Gascoyne Resources Ltd
▪ Previous listed board memberships (during past 3 years)	Tiger Resources Ltd
▪ Interest in shares	Nil
▪ Interest in options	577,855

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

Simon Storm is a Chartered Accountant with more than 30 years of Australian and international experience in the accounting profession and commerce. He commenced his career with Deloitte Haskins & Sells in Africa then London before joining Price Waterhouse in Perth. He has held various senior finance and company secretarial roles with listed and unlisted entities in the agribusiness, banking, resources, construction, telecommunications, property development and funds management industries. In the last 17 years he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

▪ Committee memberships	Audit Committee (Chair), Remuneration Committee
▪ Other listed board memberships	Nil
▪ Previous listed board memberships (during past 3 years)	Nil
▪ Interest in shares	3,090,769
▪ Interest in options	827,855

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's Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
Director	**A**	**B**	**A**	**B**	**A**	**B**
Mark Connelly	4	5	1	1	2	2
Richard Hyde	5	5	1	1	1	2
Ian Kerr	4	5	1	1	2	2
Simon Storm	5	5	1	1	2	2

A - meetings attended
B - meetings held whilst a director

SHARE OPTIONS

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

Date of issue	Exercise Price	Expiry date	Number of Options
03-Jun-16	$0.1000	03-Jun-19	1,000,000
03-Jun-16	$0.1500	03-Jun-19	1,000,000
21-Mar-17	$0.2400	21-Mar-20	400,000
12-May-17	$0.2400	12-May-20	500,000
24-Jul-17	$0.3200	24-Jul-19	1,078,125
18-Oct-17	$0.3750	18-Oct-20	750,000
03-Nov-17	$0.2400	09-Nov-20	2,750,000
29-Mar-18	$0.4100	29-Mar-21	1,250,000
26-Sep-18	$0.3100	26-Sep-21	500,000
28-Nov-18	$0.3100	28-Nov-21	1,000,000
28-Dec-18	$0.3200	28-Dec-21	2,500,000
28-Dec-18	$0.0000	28-Dec-21	1,022,565
28-Dec-18	$0.0000	28-Dec-23	944,167
28-Dec-18	$0.4300	28-Dec-22	1,223,828
15-Feb-19	$0.0000	14-Feb-21	259,516
05-Mar-19	$0.2950	05-Mar-22	1,000,000
Total			**17,178,201**

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 reporting period were:

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

REVIEW OF OPERATIONS

Background

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

Updated Mining Licence

The original mining licence for the Sanbrado Gold Project was issued in March 2017. In July 2018, the Burkina Faso government approved an update to the original mining licence which encompasses revisions to the mining and ore processing methods detailed in the June 2018 feasibility study. These changes include underground mining in addition to open pit mining and carbon in leach (CIL) mineral processing.

Key Recruitments

Matthew Wilcox joined the West African executive team in September as Chief Development Officer to directly manage the construction of Sanbrado. Matthew is highly experienced in the gold mining construction industry in West Africa, having spent the past eight years working for Nord Gold SE, which operates nine gold mines globally, including three mines in Burkina Faso and one mine in Guinea. He was also was Project Director for the construction of Nord Gold's 4Mtpa Bissa Gold Project and 8Mtpa Bouly Gold Project, both located in Burkina Faso. Other key Burkina Faso-based appointments to the owner's construction team followed, including General Manager, Construction Manager, Earthworks Manager, Contracts Manager, Chief of Security, HR Manager, Financial Controller, and Safety and First Aid Officer. West African has assembled a construction team that is highly experienced in delivering gold mining projects in West Africa and Burkina Faso.

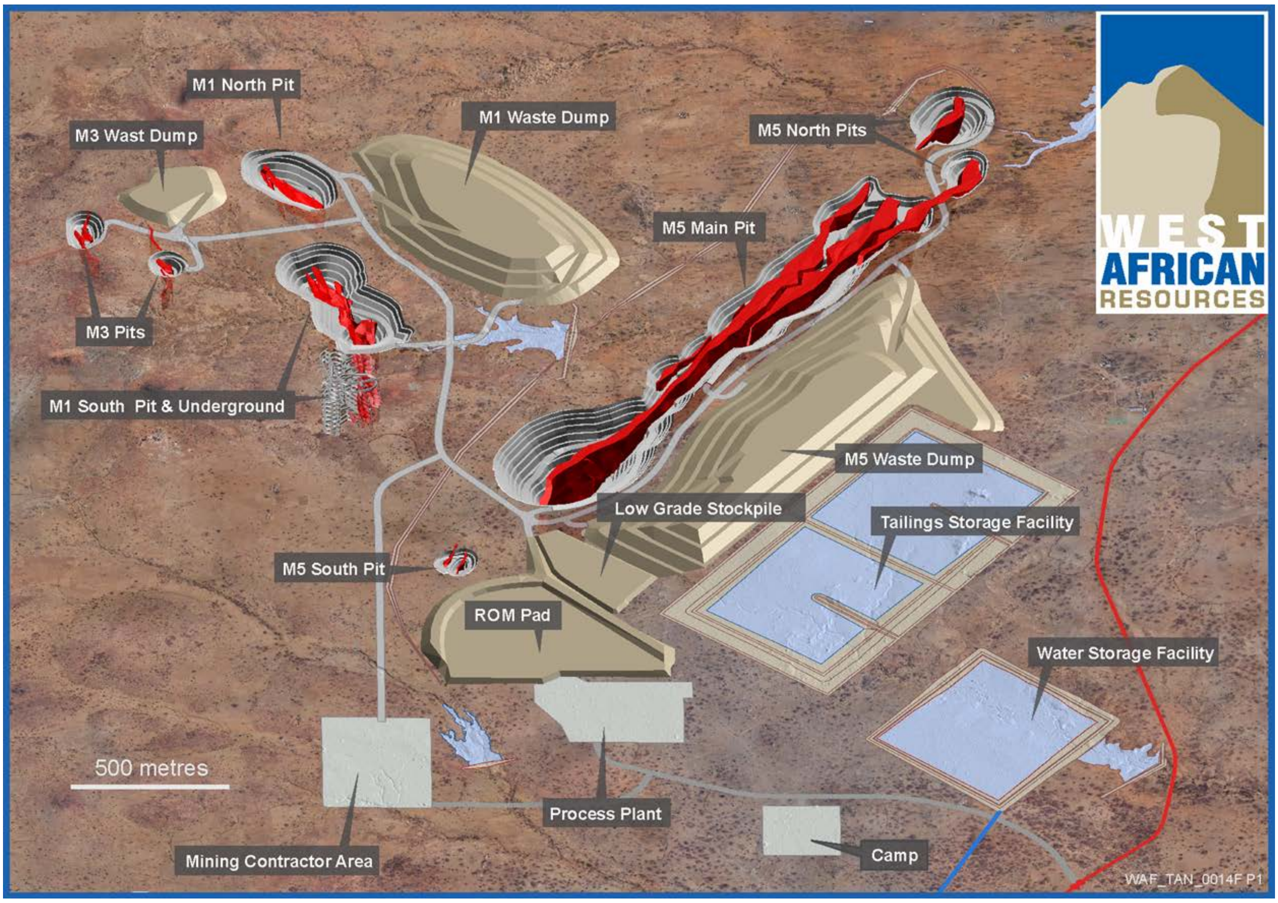
Construction Works

West African commenced construction works at the Sanbrado project site during the reporting period, including:

- Box cut excavation for underground mining access;
- Stage one of the camp construction – 120 rooms of a total of 280 rooms;
- Footings and block work medical clinic, cafeteria and administration buildings;
- Clearing, grubbing and waste stripping of the M5 stage 1 pit area;
- Clearing and grubbing of the Water Storage Facility (WSF), Tailing Storage Facility (TSF) and process plant site, and
- Survey and line marking of the water pipeline route from the Nakambe river to site.

The planned layout of the Sanbrado Gold Project is presented below as figure 1.

Figure 1: Sanbrado Gold Project Layout



Key Contracts

EPCM

West African appointed Lycopodium (ASX: LYL) for the engineering, procurement, and construction management (EPCM) of the Sanbrado mineral processing facilities. Lycopodium is an Australian-headquartered engineering and project management consultancy that has completed the construction of more than twelve gold development projects in West Africa since 2009. Lycopodium's scope for Sanbrado includes a 2Mtpa carbon-in-leach (CIL) treatment facility and other supporting infrastructure. Detailed design and procurement of mechanical equipment has commenced and in-country construction of the processing plant is scheduled to start in Q2 2019.

Mill Supply

The Company selected Outotec to supply the 4MW semi-autogenous grinding (SAG) mill and 4MW ball mill, principally due to their extensive experience with grinding mills especially in the size range required for Sanbrado. The order of these long lead time items was placed in October 2018. Outotec is a global mineral processing company that has extensive experience manufacturing and delivering more than 200 grinding mills to sites worldwide over the past 20 years, including more than 40 in West Africa. Outotec's recent mill deliveries in West Africa include Endeavour Mining's Ity (Côte d'Ivoire) and Hounde (Burkina Faso) gold projects and the Toro Gold's Mako gold project (Senegal).

Undergound Mining

The Company awarded the underground (UG) mining services contract to highly experienced UG contractor, Byrnecut Burkina Faso SARL (Byrnecut), part of the Byrnecut group of companies. The award followed a competitive tender and due diligence process examining safety, experience and capabilities. Portal establishment and UG mining development will kick off at M1 South in the June quarter 2019.

Future key contracts

The Company plans to award the power supply and open-pit mining contracts in the first half of 2019.

Exploration

Exploration during the six-month period focused on the M1 South deposit at Sanbrado, aiming to extend underground resources, with step-down drilling at depth remaining a high priority in the Company's exploration strategy.

West African's June 2018 Feasibility Study proposed open-pit mining down to 120m vertical and UG mining from 120m below surface to approximately 470m below surface over 4.5 years. Drilling completed since June 2018 continued to intercept high-grade mineralisation, extending it more than 220m beneath underground reserves.

Step-down drilling during the period returned significant results including:
- TAN18-DD216: 2m at 5.1 g/t Au from 681.5m and 9m at 3 g/t Au from 705.5m;
- TAN18-DD196: 8m at 7.0 g/t from 693 including 1.5m at 21.6 g/t Au and 1m at 9.2 g/t Au 705.5m;
- TAN18-DD189: 11m at 11.2 g/t from 654 including 1m at 39.8 g/t Au and 6m at 24.4 g/t Au from 675m including 0.5m at 240 g/t Au;
- TAN18-DD214A: 0.5m at 520 g/t Au from 578m and 23m at 7.3 g/t Au from 617m including 3.5m at 20.2 g/t Au, 4m at 24.4 g/t Au and 1.5m at 21.5 g/t Au; and
- TAN18-DD217A: 6.5m at 6.8 g/t Au from 603.5m including 0.5m at 35.7 g/t Au.

Subsequent infill drilling of the main M1 South high-grade shoot returned outstanding results such as:
- TAN18-DD196-WD1: 12m at 3.4 g/t Au from 656.5m;
- TAN18-DD196-WD1: 0.5m at 192 g/t Au from 690m;
- TAN18-DD196-WD2: 1m at 18.1 g/t Au from 637m;

- TAN18-DD196-WD2: 10.5m at 8.8 g/t Au from 648m, including 0.5m at 138 g/t Au;
- TAN18-DD196-WD2: 1m at 36.9 g/t Au from 667.5m;
- TAN18-DD189-WD1: 10m at 8.1 g/t Au from 646.5m, including 0.5m at 33.8 g/t Au, 0.5m at 61.7 g/t Au;
- TAN18-DD189-WD1: 2.5m at 7.6 g/t Au from 666m;
- TAN18-DD189-WD1: 3m at 13.8 g/t Au from 682m, including 0.5m at 71.5 g/t Au;
- TAN18-DD189-WD2: 11m at 5.9 g/t Au from 639m, including 0.5m at 39.8 g/t Au;
- TAN18-DD189-WD2: 0.5m at 33.7 g/t Au from 675.5m;
- TAN18-DD214A-WD1: 21.5m at 15.3 g/t Au from 614m, including 0.5m at 102 g/t Au, 0.5m at 115 g/t Au, 0.5m at 42 g/t Au, 0.5m at 87.9 g/t Au and 0.5m at 39.7 g/t Au; and
- TAN18-DD214A-WD2: 14.5m at 19.9 g/t Au from 595.5m, including 1m at 219 g/t Au, 1m at 46.9 g/t Au.

West African reported further results later in the year, including:

- TAN18-DD196: 8m at 7.0 g/t from 693 including 1.5m at 21.6 g/t Au;
- TAN18-DD189: 11m at 11.2 g/t from 654 and 6m at 24.4 g/t Au from 675m;
- TAN18-DD214A: 0.5m at 520 g/t Au from 578m ;
- TAN18-DD214A: 23m at 7.3 g/t Au from 617m including 4m at 24.4 g/t Au;
- TAN18-DD189-WD1: 10m at 8.1 g/t Au from 646.5m, including 0.5m at 61.7 g/t Au;
- TAN18-DD196-WD2: 10.5m at 8.8 g/t Au from 648m, including 0.5m at 138 g/t Au;
- TAN18-DD214A-WD1: 21.5m at 15.3 g/t Au from 614m, including 0.5m at 115 g/t Au;
- TAN18-DD214A-WD2: 14.5m at 19.9 g/t Au from 595.5m, including 1m at 219 g/t Au;
- TAN18-DD228: 25m at 15 g/t Au from 862m including 5.5m at 40.4 g/t, 1.5m at 26.02 g/t Au from 879m and 0.5m at 71.80 g/t Au from 886m.

A summary long-section and cross-section through M1 South are presented as Figures 2 and 3.

Figure 2: M1 South Long-section

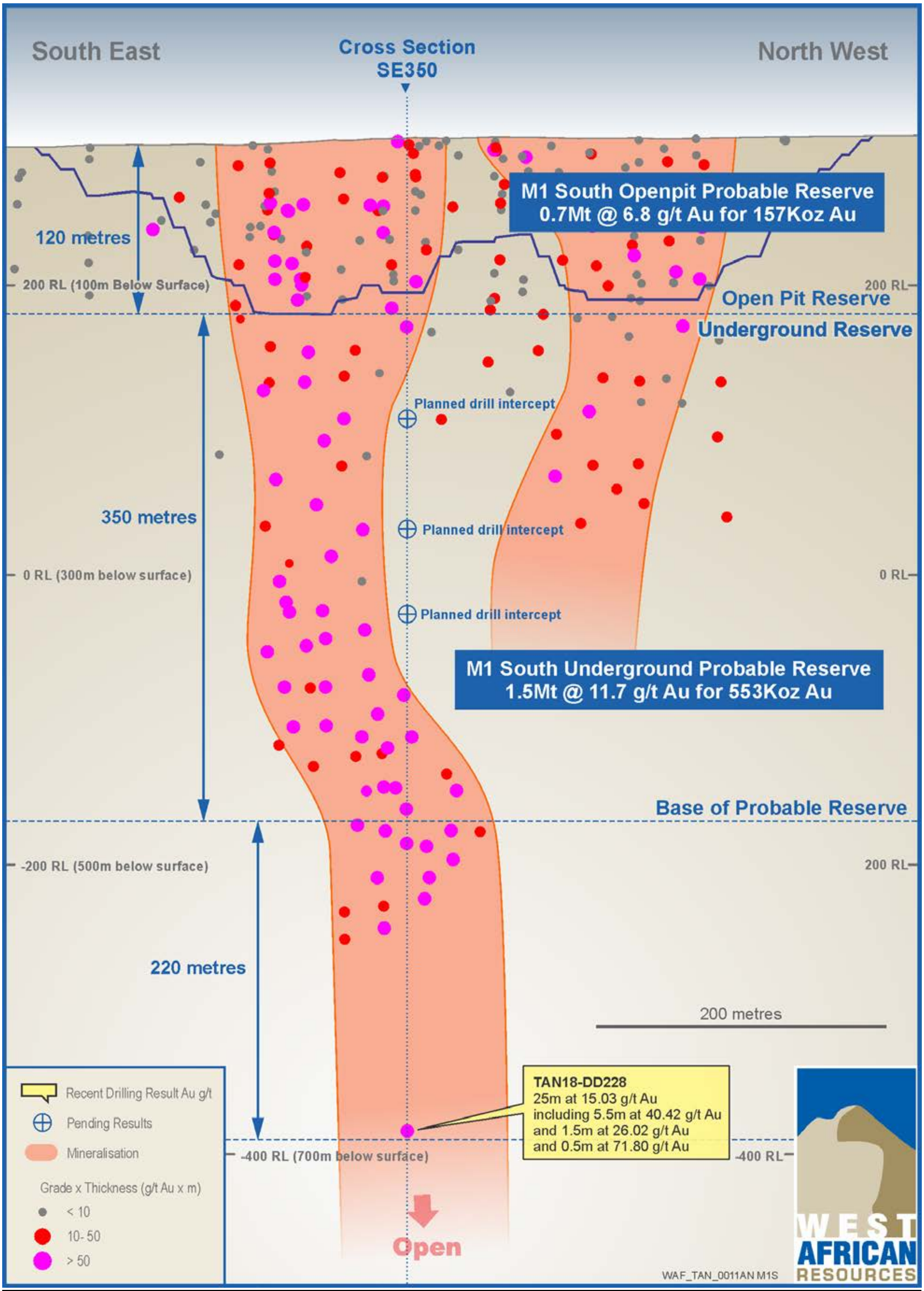
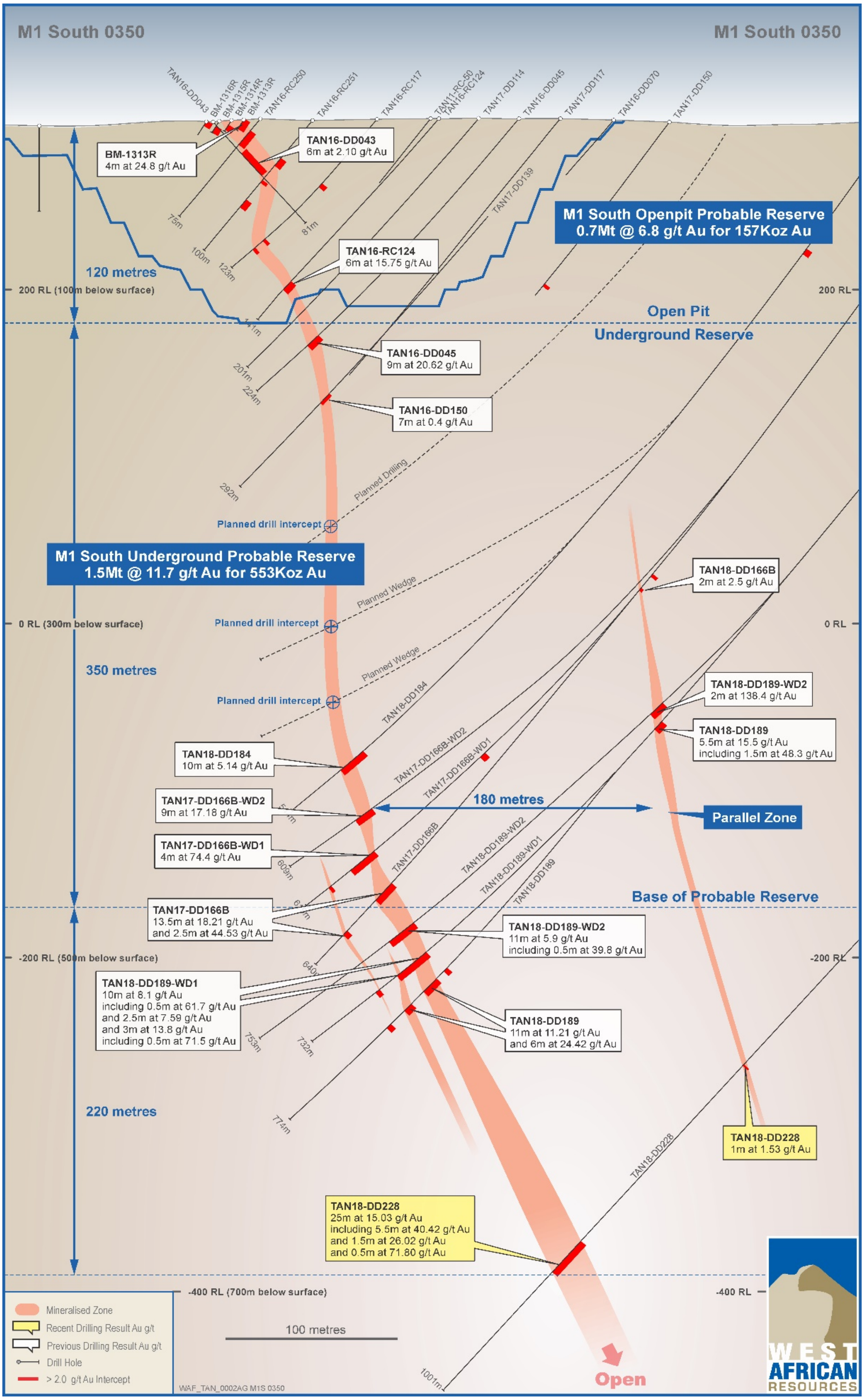


Figure 3: M1 South Cross-section SE0350



Feasibility Study

In July 2018, West African filed a National Instrument 43-101 (NI 43-101) Technical Report titled "Open Pit and Underground Feasibility Study, Sanbrado Gold Project, Burkina Faso", with an effective date of 25 April 2018 which related to the updated feasibility study which was announced on 22 June 2018. The Group's resources and reserves are shown below. There were no changes to the Group's resources and reserves in the reporting period.

Sanbrado Gold Project December 2018 Resource								
Resource Area	**Category**	**Cutoff (Au g/t)**	**Indicated Resource**			**Inferred Resource**		
			Tonnes	**Grade (Au g/t)**	**Au Oz**	**Tonnes**	**Grade (Au g/t)**	**Au Oz**
M1 South	O/P <120m	0.5	800,000	6.6	170,000	50,000	4.8	10,000
	U/G >120m	3.0	750,000	25.5	620,000	250,000	7.6	60,000
	Total	Combined	1,550,000	15.9	780,000	300,000	6.9	70,000
M5	O/P	0.5	37,150,000	1.3	1,510,000	12,800,000	1.1	450,000
M1 North	O/P	0.5	750,000	2.0	50,000	500,000	2.0	30,000
M3	O/P	0.5	150,000	2.0	10,000	200,000	1.5	10,000
Total		**Combined**	**39,600,000**	**1.8**	**2,350,000**	**13,850,000**	**1.2**	**550,000**

Sanbrado Gold Project December 2018 Probable Ore Reserve				
Deposit	**Strip Ratio**	**(Mt)**	**Au Grade (g/t)**	**Cont. Au (koz)[1]**
M5 Open Pit	3.8	17.5	1.5	817
M1Sth Open Pit	22.6	0.7	6.8	157
M1Nth Open Pit	8.4	0.6	2.1	39
M3 Open Pit	6.1	0.1	1.8	8
Sub Total Open Pit	**4.6**	**18.9**	**1.7**	**1,021**
M1Sth Underground	-	1.5	11.7	553
Total		**20.4**	**2.4**	**1,574**

The Company is planning to release an update to its Sanbrado Feasibility Study in 1H 2019, incorporating the new exploration results and an accelerated mining and milling schedule based on a higher plant throughput.

Corporate

Debt Facility

In December 2018, West African announced a credit approved Debt Facility for Sanbrado construction with Taurus Funds Management Pty Ltd (Taurus). The key terms of the Debt Facility include:

- US$200,000,000 debt facility;
- fixed interest rate of 7.75% per annum on drawn amounts, payable quarterly in arrears;
- quarterly repayments commencing 30 June 2021, with final repayment 31 December 2024;
- early repayment allowed at any time without penalty;
- no mandatory gold hedging required;
- offtake agreement for 1.25 million ounces of gold pursuant to which the Company will receive the prevailing spot gold price subject to an agreed price quotation period. West African Resources retains the right to buy back the remaining balance of the offtake rights at any time on pre-agreed terms;
- conditions precedent to drawdown include execution and delivery of the Debt Facility documents, lodging of security documents and other conditions customary for a facility of this nature; and

West African Resource's first drawdown of the Debt Facility is expected to occur in April 2019, following signing of the facility agreements and satisfaction of certain agreed conditions.

Taurus is a privately-owned mining finance fund that provides project development and acquisition finance to mining and metals companies. Taurus has significant mining finance experience in West Africa and has recently provided debt facilities for two other significant new gold projects in the West African region.

The Company awarded the debt facility mandate to Taurus following five-months of technical, environmental and legal due diligence and a highly competitive selection process. West African received 14 debt package proposals for Sanbrado construction ranging from US$124 million to US$215 million from banks, debt funds and royalty companies.

Equity Raising

In December 2018 West African completed a Share Placement to raise A$43,175,000 before costs. The Share Placement was completed in a single tranche of 172.7 million new shares at $0.25 per share under West African's existing 25% placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A.

The proceeds raised under the Share Placement will be used to fund Sanbrado construction, exploration, and corporate administration costs.

RESULTS FOR THE YEAR

The net loss of the Group for the six-month period ended 31 December 2018 of $3,551,000 was $21,750,000 lower than the $25,300,000 net loss of the comparative period (12 months) mainly due to a $19,294,000 reduction in exploration and evaluation (E&E) expenses. The lower E&E expense is a result of the change in accounting classification of Sanbrado E&E expenditures after the decision was made to proceed with development of the Sanbrado gold project following receipt of the updated mining licence on 18 July 2018. After issuance of the updated mining licence, Sanbrado E&E expenditures have been capitalised to 'Mine properties'.

Net assets as at 31 December 2018 were $77,763,000 ($39,292,000 as at 30 June 2018). The increase during the period was mainly due to a $23,790,000 increase in 'Cash and cash equivalents' and an $18,830,000 increase in 'Mine properties'.

Cash increased from $42,565,000 at the start of the period to $66,355,000 at 31 December 2018 mainly due to a $40,066,000 net cash inflow from financing activities, partially offset by a $4,230,000 net cash outflow from operating activities, and a $11,872,000 net cash outflow from investing activities. Cash usage in operating activities in the period mainly represents non-Sanbrado exploration expenditure and corporate administration. Cash usage in financing activities in the period mainly represents Sanbrado construction and E&E expenditure. The Cash inflow from financing activities reflect a $43,175,000 equity raising completed in December, partially offset by $2,043,000 of share issue costs and $1,066,000 of borrowing costs for arranging the debt facility.

Mine properties increased from nil at the start of the period to $18,830,000 at 31 December 2018 reflecting capitalised E&E and construction expenditure on the Sanbrado Gold Project during the reporting period.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As outlined in the "Review of Operations" section of this report, the company has commenced construction of the Sanbrado Gold Project in Burkina Faso.

SIGNIFICANT EVENTS AFTER BALANCE DATE

West African Resources Limited applied for a voluntary de-listing of its ordinary shares ("shares") from trading on the TSX Venture Exchange ("TSXV"). TSXV has subsequently confirmed that the Company's shares will be de-listed and therefore no longer traded on the TSXV after close of trading on Friday, 8 March 2019. No change will occur to the quotation and trading of WAF shares on the Australian Securities Exchange ("ASX") and its shares will remain available for trading on the ASX under the code WAF.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the directors, likely developments in and expected results of the operations of the Group have been disclosed in the "Review of Operations" section of this report. Disclosure of any further 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.

NON-AUDIT SERVICES

The Group may decide to employ the external auditor, HLB Mann Judd, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Fees that were paid or payable for non-audit services provided by the auditor of the parent entity during the financial year by the auditor are outlined in Note 20 of the accompanying financial statements.

The directors are satisfied that the provision of non-audit services during the financial year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

ROUNDING OF AMOUNTS

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

REMUNERATION REPORT (AUDITED)

Contents

1. REMUNERATION REPORT OVERVIEW

The Directors of West African Resources Ltd present the Remuneration Report ("the Report") for the Consolidated Entity for the financial period ended 31 December 2018 (FY2018). This Report forms part of the Director's Report and has been audited in accordance with section 300A of the *Corporations Act 2001* and its regulations.

The Report details the remuneration arrangements for West African Resources Key Management Personnel ("KMP"):

- Non-Executive Directors ("NEDs")
- Managing Director ("MD"), executive directors and senior executives (collectively "the executives").

KMP are those who directly or indirectly have authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity and includes all directors of the parent entity.

Details of KMP of the Consolidated Entity are set out below:

Name	Position	Appointed	Resigned
Non-Executive Directors			
Mark Connelly	Non-executive Chairman	June 2015	-
Simon Storm	Non-executive Director & Company Secretary	November 2007	-
Ian Kerr	Non-executive Director	June 2018	-
Executive Director			
Richard Hyde	Managing Director	September 2006	-
Senior Executives			
Lyndon Hopkins	Chief Operating Officer	December 2016	-
Padraig O'Donoghue	Chief Financial Officer	June 2018	-
Matthew Wilcox	Chief Development Officer	September 2018	-

2. REMUNERATION GOVERNANCE

Remuneration Committee Responsibility

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

- Non-executive Director fees;
- Executive remuneration (directors and senior executives); and
- The executive remuneration framework and incentive plan policies.

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

Use of Remuneration Advisors

During the period the Remuneration Committee approved the engagement of BDO Remuneration and Reward Pty Ltd ("BDO") to review and provide recommendations on the Consolidated Entity's executive remuneration framework and policies.

Both BDO and the Committee were satisfied the advice received from BDO was free from undue influence from the KMP to whom the remuneration recommendations applied.

The remuneration recommendations were provided to the Committee as an input into decision making only and were used to assist the Board in structuring remuneration packages in a form suitable for the Company as it embarks on a significant ramp up in operations as it moves into the development and construction phase of the Sanbrado Gold Project. The Committee considered the recommendations, along with other factors, in making its remuneration decisions.

The fees paid to BDO for the remuneration recommendations were $22,500 (GST exclusive).

Outcome of BDO Remuneration Review

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

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

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

The West African Resources incentive scheme is made up of:

1. **A Short-term and Deferred Incentive ("STI") Scheme** designed to incentivize and reward Executives for the attainment of short-term objectives, and to enable the executive to accumulate equity in the business, which not only ensures a better alignment with shareholders, but provides a retentive benefit, as well (i.e. 'skin in the game). The 'Short Term and Deferred Incentive Plan' will be 'reset' on an annual basis (i.e. a cash and option award opportunity will be made available at the beginning of each year).

2. **A Long-term Incentive ("LTI") Scheme** is designed to 'reward' Executives for the creation of long-term shareholder value as evidenced by market and non-market measures. A single award will be made at the beginning of year '0', and will represent a performance period of three years i.e. it will not be 'reset' annually. At the end of this 3-year period, the Company would have evolved from project development status to a fully-fledged producer. The 3-year long term goal communicated a clear direction as to what shareholders require from management at the end of 3 years. There is therefore not requirement to set LTI objectives on an annual basis.

3. NON-EXECUTIVE DIRECTOR REMUNERATION

NED Remuneration Policy

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

The Company's constitution and the ASX listing rules specify that the NED fee pool limit, shall be approved periodically by shareholders. The last determination at an annual general meeting ("AGM") was an aggregate fee pool of $500,000 per year.

The Board considered advice from the BDO remuneration review regarding the amount of the aggregate remuneration and the manner in which it is paid to NEDs and this was based on a review against comparable companies.

NED Remuneration Structure

The remuneration of NEDs consists of director's fees. There is no scheme to provide retirement benefits to NEDs other than statutory superannuation. NEDs will not participate in any performance related incentive programs.

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

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

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

4. EXECUTIVE REMUNERATION

Executive Remuneration Policy

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

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

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

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

Executive Remuneration Structure

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

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

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

Executive	Fixed remuneration	STI	LTI
Managing Director	42%	23%	35%
Other Executives	45-50%	21%	31%

Elements of remuneration

Fixed remuneration

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

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

Short-term Incentive (STI) arrangements

Under the STI, all executives have the opportunity to earn an annual incentive award. The STI recognises and rewards achievement of annual Short-Term Incentive ('STI') performance metrics. These are paid in the form of a cash bonus (up to 20% of TFR) and Zero Exercised Priced Options (ZEPO's) (up to 25-35% of TFR).

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

Company performance (80%)

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

- DFS update to mineral resources, reserves and project optimisation;
- commencement of box cut, portal establishment and decline development;
- formal investment decision;
- detailed design and commencement of construction;
- completion of project finance, documentation and first debt drawdown; and

Individual performance (20%)

- Individual specific goals and supervisory discretion

Long-term Incentive (LTI) arrangements

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

- Premium Exercise Priced Options ('PEPO') for achieving a market measure (absolute share price appreciation, being a minimum of 45% at the end of a four-year performance period and service); and
- Zero Exercised Priced Options ('ZEPO') for achieving non-market measure (first gold pour and commercial production).

The Long-term Incentive Scheme is designed to 'reward' Executives and ensure goal alignment and the creation of long-term shareholder value.

5. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

The remuneration of the non-executive directors and KMP for the six-month financial year ended 31 December 2018 is detailed below. The prior period relates to 12 months ending 30 June 2018.

		Short term benefits		Post-employment benefits	Share based payments	Total	%	%
	2018	Cash salary and Fees (paid/ payable)	Bonus	Super-annuation			Performance related	Remunerations consisting of options
Directors								
Mark Connelly	**31 Dec**	**32,500**	**-**	**-**	**13,956**	**46,456**	**0%**	**30%**
	30 Jun	65,000	25,000	-	41,767	131,767	19%	32%
Richard Hyde	**31 Dec**	**150,000**	**-**	**-**	**50,213**	**200,213**	**0%**	**25%**
	30 Jun	300,000	125,000	-	125,056	550,056	23%	23%
Simon Storm	**31 Dec**	**46,495**	**-**	**-**	**18,261**	**64,756**	**0%**	**28%**
	30 Jun	78,879	25,000	-	36,126	140,005	18%	26%
Ian Kerr	**31 Dec**	**15,982**	**-**	**1,518**	**284**	**17,784**	**0%**	**0%**
	30 Jun	-	-	-	-	-	0%	0%
Executive								
Lyndon Hopkins	**31 Dec**	**114,155**	**-**	**10,845**	**16,431**	**141,431**	**0%**	**12%**
	30 Jun	225,237	30,000	24,248	27,189	306,674	10%	9%
Padraig O'Donoghue	**31 Dec**	**105,023**	**-**	**9,977**	**9,681**	**124,681**	**0%**	**8%**
	30 Jun	15,753	-	1,497	-	17,250	0%	0%
Matthew Wilcox	**31 Dec**	**84,475**	**-**	**8,025**	**16,764**	**109,264**	**0%**	**15%**
	30 Jun	-	-	-	-	-	0%	0%
Total	**31 Dec**	**548,630**	**-**	**30,365**	**125,306**	**704,301**	**0%**	**18%**
	30 Jun	684,869	205,000	25,745	230,138	1,145,752	18%	20%

STI performance and outcomes

No STI performance payments were made, or ZEPO's vested, during the six months ending 31 December 2018.

LTI performance and outcomes

No LTI PEPO's or ZEPO's vested during the six months ending 31 December 2018.

Clawback of remuneration

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

6. EXECUTIVE EMPLOYMENT ARRANGEMENTS

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

Name	Base Salary (inclusive of Super)	Notice Period	Termination Payment
Richard Hyde (Managing Director)[1]	$400,000	1 month	6 months base salary
Lyndon Hopkins (Chief Operations Officer)	$300,000	2 months	per NES [2]
Padraig O'Donoghue (Chief Financial Officer)	$275,000	1 month	per NES [2]
Matthew Wilcox (Chief Development Officer)	$300,000	2 months	per NES [2]

Notes

1. Services provided through a consultancy agreement with Azurite Consulting Pty Ltd, an entity associated with Richard Hyde, for a term of 3 years, expiring 30 June 2019.

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

7. ADDITIONAL DISCLOSURES

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

Share Based Compensation

Share holdings of Key Management Personnel

31 December 2018	Balance 1 July 2018	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 31 December 2018
Directors					
Mark Connelly	-	-	-	60,000	60,000
Richard Hyde	18,280,769	-	-	-	18,280,769
Simon Storm	3,090,769	-	-	-	3,090,769
Ian Kerr	-	-	-	-	-
Executive					
Lyndon Hopkins	2,000,000	-	-	1,000,000	3,000,000
Padraig O'Donoghue	-	-	-	112,995	112,995
Matthew Wilcox	-	-	-	400,000	400,000
Total	**23,371,538**	**-**	**-**	**1,572,995**	**24,944,533**

Option holdings of Key Management Personnel

31 December 2018	Balance 1 July 2018	Granted as Remuneration	Options Exercised	Net Change Other	Balance 31 December 2018	Granted 31 December 2018 Total	Vested	Not vested
Directors								
Mark Connelly	3,000,000	2,000,000	-	(2,000,000)	3,000,000	3,000,000	-	3,000,000
Richard Hyde	2,000,000	1,660,899	-	-	3,660,899	3,660,899	-	3,660,899
Simon Storm	750,000	-	-	-	750,000	750,000	-	750,000
Ian Kerr	-	500,000	-	-	500,000	500,000	-	500,000
Executive								
Lyndon Hopkins	1,250,000	1,016,949	-	(250,000)	2,016,949	2,016,949	-	2,016,949
Padraig O'Donoghue	-	1,012,712	-	-	1,012,712	1,012,712	-	1,012,712
Matthew Wilcox	-	1,000,000	-	-	1,000,000	1,000,000	-	1,000,000
Total	**7,000,000**	**7,190,560**	**-**	**(2,250,000)**	**11,940,560**	**11,940,560**	**-**	**11,940,560**

Options granted as compensation

Grant date	Number granted	Value per option at grant date	Value of options at grant date
26-Sep-2018	500,000	$0.127	$63,500
28-Nov-2018	1,000,000	$0.123	$123,000
28-Dec-2018	2,500,000	$0.104	$260,000
28-Dec-2018	1,223,828	$0.112	$137,069
28-Dec-2018	1,966,732	$0.250	$491,683
Total	**7,190,560**		**$1,075,252**

Options forfeited / lapsed during the year

31 December 2018	Number forfeited / lapsed during the period	Grant date
Directors		
Mark Connelly	2,000,000	01-Dec-2015
Executive		
Lyndon Hopkins	250,000	18-Aug-2015

Loans to Key Management Personnel

A loan of $290,000 has been provided to Richard Hyde in the prior year to exercise 2,000,000 options at 14.5 cents. The loan advance charges interest at 5.5% per annum, with the maturity date extended from 31 December 2018 to 31 December 2019. At year end, the balance due is $303,723.

Additional Disclosures Relating to Key Management Personnel

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Directors		
Transaction: Fees paid to Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services to the company on normal commercial terms, for whom Mr Storm, Director and Company Secretary, is a director and shareholder. This excludes fees included as remuneration noted under 5 *Balance*: Amount payable to Dorado Corporate Services Pty Ltd at balance date $14,967 (30 June 2018: $8,780).	**18**	52
Transaction: Loan advance of $290,000, bearing interest at 5.5%, provided to the Managing Director on arm's length terms, to fund the exercise of 2,000,000 options at 14.5 cents, with maturity date of 31 December 2018. *Balance*: Amount receivable at balance date $303,723 (30 June 2018: $295,682)	**304**	296
Transaction: The Managing Director's spouse has provided office premises to the Company for $440 per week at 14 Southbourne Street, Scarborough, Western Australia until 28 October 2018. *Balance*: Amount payable to Managing Director's spouse at balance date $Nil (30 June 2018: $3,960).	**11**	21
Transaction: Fees paid to Ausdrill Ltd. The Chairman, Mr Connelly was a director of Ausdrill Ltd (resigned June 2018) which through its wholly owned subsidiary, African Mining Services Burkina Faso SARL, has provided exploration drilling services to Société des mines de Sanbrado SA, Wura Resources Pty Ltd SARL and Tanlouka SARL on normal commercial terms. Mr Connelly is not party to any of these commercial negotiations. This excludes fees included as remuneration noted under B. *Balance*: Amount payable to Ausdrill Ltd at balance date $Nil (30 June 2018: $2,374,764).	**-**	2,375
	333	2,744

End of Audited Remuneration Report.

AUDITOR INDEPENDENCE

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This written Auditor's Independence Declaration is set out on page 66 and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors.

RICHARD HYDE
Managing Director
Perth, 28 March 2019

Qualified/Competent Person's Statement

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

Information contained in this report that relates to open pit ore reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Stuart Cruickshanks, an independent specialist mining consultant. Mr Cruickshanks is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Cruickshanks has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (or "CP") as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and a Qualified Person under Canadian National Instrument 43-101. Mr Cruickshanks has reviewed the contents of this news release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

Information contained in this report that relates to underground ore reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Wade, an independent specialist mining consultant. Mr Wade is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Wade has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (or "CP") as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and a Qualified Person under Canadian National Instrument 43-101. Mr Wade has reviewed the contents of this news release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

Any other information contained in this report that relates to exploration results, exploration targets or mineral resources is based on information compiled by Mr Richard Hyde, a Director, who is a Member of The Australian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Hyde has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a CP as defined in JORC Code and a QP under National Instrument 43-101. Hyde has reviewed and approved the scientific and technical information and contents of this presentation, and consents to the inclusion in this presentation of the statements based on his information in the form and context in which they appear.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2018

	Note	Consolidated Six Months Ended 31 December 2018 $'000	Consolidated Twelve Months Ended 30 June 2018 $'000
Revenue from continuing operations	3(a)	**405**	461
Foreign exchange gain	3(a)	**-**	325
Regulatory and compliance expense		**(96)**	(215)
Office expense		**(144)**	(360)
Depreciation expense	3(b)	**(90)**	(95)
Employee expenses	4	**(1,367)**	(722)
Travel and accommodation expense		**(72)**	(188)
Property expense		**(58)**	(48)
Consulting fee expense		**(319)**	(833)
Directors' fees		**(62)**	(242)
Share based payments	24	**(172)**	(297)
Exploration and evaluation expenses	3(b)	**(708)**	(20,002)
Feasibility and scoping studies	3(b)	**(98)**	(1,796)
Impairment of other receivables	8	**(582)**	(1,584)
Impairment of non current assets		**(13)**	-
Foreign exchange loss	3(b)	**(175)**	-
Interest expense		**-**	(6)
Loss before tax		**(3,551)**	(25,603)
Income tax benefit	5	**-**	302
Loss after tax		**(3,551)**	(25,300)
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**717**	(74)
Other comprehensive loss, net of income tax		**717**	(74)
Total comprehensive loss for the period		**(2,834)**	(25,375)
Loss attributable to:			
Owners of the parent		**(3,536)**	(25,300)
Non-controlling interest		**(15)**	-
		(3,551)	(25,300)
Total comprehensive loss attributable to:			
Owners of the parent		**(2,819)**	(25,375)
Non-controlling interest		**(15)**	-
		(2,834)	(25,375)
Basic and diluted loss per share (cents per share)	6	**(0.5)**	(4.3)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	Consolidated 31 December 2018 $'000	30 June 2018 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	**66,355**	42,565
Trade and other receivables	8	**851**	713
Financial assets		**37**	37
Total Current Assets		**67,243**	43,315
NON-CURRENT ASSETS			
Property, plant & equipment	9	**388**	374
Mine properties	10	**18,830**	-
Other non-current assets	11	**3,148**	-
Total Non-Current Assets		**22,366**	374
TOTAL ASSETS		**89,609**	43,689
CURRENT LIABILITIES			
Trade and other payables	12	**9,690**	4,397
Total Current Liabilities		**9,690**	4,397
NON-CURRENT LIABILITIES			
Provisions	13	**2,155**	-
Total Non-Current Liabilities		**2,155**	-
TOTAL LIABILITIES		**11,845**	4,397
NET ASSETS		**77,763**	39,292
EQUITY			
Issued capital	14	**161,947**	120,815
Reserves	15	**7,544**	6,655
Accumulated losses		**(89,640)**	(88,177)
Equity attributable to owners of the parent		**79,851**	39,292
Non-controlling interest		**(2,088)**	-
TOTAL EQUITY		**77,763**	39,292

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 31 December 2018

	Note	Consolidated 31 December 2018 $'000	30 June 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		**(697)**	(3,473)
Payments to employees		**(1,080)**	(738)
Exploration and evaluation expenditure		**(2,880)**	(19,479)
Interest received		**428**	347
Finance costs		**(1)**	(5)
Other - R&D tax offset		**-**	302
Net cash outflow from operating activities	7	**(4,230)**	(23,046)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(116)**	(316)
Development expenditure		**(11,756)**	-
Net cash outflow from investing activities		**(11,872)**	(316)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**43,175**	52,339
Proceeds from exercise of share options		**-**	5,774
Payments for share issue costs		**(2,043)**	(3,113)
Payments for borrowings		**(1,066)**	-
Net cash inflow from financing activities		**40,066**	55,000
Net increase / (decrease) in cash held		**23,965**	31,638
Cash at the beginning of the financial period		**42,565**	10,550
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(175)**	377
Cash at the end of the financial period	7	**66,355**	42,565

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Consolidated					
	Issued Capital $'000	Accumulated Losses $'000	Foreign Currency Translation Reserve $'000	Share Based Payments Reserve $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2017	65,670	(62,877)	27	6,261	-	9,081
Loss after tax	-	(25,300)	-	-	-	(25,300)
Other comprehensive income for the year	-	-	(74)	-	-	(74)
Total comprehensive loss for the year	-	(25,300)	(74)	-	-	(25,374)
Shares issued during the year net of transaction costs	55,145	-	-	-	-	55,145
Share based payments	-	-	-	441	-	441
Balance at 30 June 2018	120,815	(88,177)	(47)	6,702	-	39,292
Balance at 1 July 2018	**120,815**	**(88,177)**	**(47)**	**6,702**	**-**	**39,292**
Loss after tax	-	(3,536)	-	-	(15)	**(3,551)**
Other comprehensive income for the year	-	-	717	-	-	**717**
Total comprehensive loss for the year	-	(3,536)	717	-	(15)	**(2,834)**
Shares issued during the year net of transaction costs	41,132	-	-	-	-	**41,132**
Transfer to non-controlling interest	-	2,073	-	-	(2,073)	**0**
Share based payments	-	-	-	172	-	**172**
Balance at 31 December 2018	**161,947**	**(89,640)**	**670**	**6,874**	**(2,088)**	**77,763**

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

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

These financials statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this instrument applies.

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

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 information for West African Resources Limited as an individual entity is included in Note 25.

The company recently announced a change in its financial year end from 30 June to 31 December. This change more closely aligns the Company's reporting period with its subsidiaries' operations in Burkina Faso. The Company is therefore reporting on a six-month accounting period from 1 July 2018 to 31 December 2018. The comparative accounting period is the 12 months from 1 July 2017 to 30 June 2018, in line with the previous released financial report.

b) Adoption of New and Revised Standards

In the period ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2018. As a result of this review, the Group has initially applied AASB 9 from 1 July 2018. Due to the transition methods chosen by the Group in applying AASB 9 and AASB 15, comparative information throughout the interim financial statements has not been restated to reflect the requirements of the new standards.

AASB 9: *Financial Instruments*

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value. They are carried at amortised cost if the business model concept can be satisfied.

All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI). Previously classified available-for-sale investments now carried at fair value are exempt from impairment testing and gains or loss on sale are no longer recognised in profit or loss.

The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented for 30 June 2018 has not been restated.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

AASB 15: *Revenue from contracts with customers*

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The Group has applied AASB 15 Revenue from Contracts with Customers for the first time in the current period. AASB 15 establishes a single comprehensive income for entities to use in accounting for revenue arising from contracts with customers.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1

July 2018. Accordingly, the information presented for 30 June 2018 has not been restated. The effect of the application of AASB 15 has been applied to all contracts at date of initial application and there is no impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

Other than the above, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

c) Standards and Interpretations in issue not yet adopted

AASB 16: *Leases*

AASB 16 replaces the AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases-Incentives and Interpretation* 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. AASB 16 removes the classification of leases as either operating leases or finance leases - for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a lease liability for the present value obligation and a 'right-of-use' asset. The right of use assets is calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense. There are exemptions for short-term leases and leases of low-value items.

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

This standard will primarily affect the accounting for the Group's operating leases. The Group is considering the available options to account for this transition but the Group expects a change in reported earnings before interest, tax, depreciation and amortisation (EBITDA) and increase in lease assets and liabilities recognition. The lease standard is also expected to have considerable impact on deferred tax balances. This will, however, be dependent on the lease arrangements in place when the new standard is effective. The Group has commenced the process of evaluating the impact of the new lease standard.

d) Principles of Consolidation

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

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) Rounding of Amounts

The Company is of a kind referred to in Rounding Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Rounding Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

f) Statement of Compliance

These consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, International Financial Reporting Standards and complies with other requirements of the law. The consolidated financial statements were authorised for issue on 28 March 2019.

g) Accounting Policies and Methods of Computation

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

h) Significant Accounting Judgements and Key Estimates

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

In preparing this financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report for the year ended 30 June 2018 with the exception of exploration and evaluation costs that are recorded as a development asset as explained below in notes 1(i) and 1(j), and the minority interest of 90%-owned subsidiary Société des Mines de Sanbrado SA.

Following the Group's decision to commence development of Sanbrado, the Group identified a change in estimate of the minority interest of Société des Mines de Sanbrado SA's accumulated losses. Based on the fact these losses are now likely to be recoverable out of the Group's share of future profits, the minority interest has been brought to account in the statement of changes in equity as a transfer between owners.

i) 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.

Judgement: Following the issuance of the updated exploitation permit for the Sanbrado gold project on 18 July 2018, exploration and evaluation costs within the Sanbrado mining licence have subsequent to this date been recorded as a development asset.

j) Mine Properties

Mines under construction

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

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

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) Trade and Other Accounts Payable

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

q) 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.

r) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

s) 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.

t) 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.

u) Share-based Payments

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

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

likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

v) Foreign Currency Translation

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

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

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

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

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

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

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

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

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

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

w) Financial Assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss (FVTPL).

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

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

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

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

Subsequent measurement

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

i. Financial assets at amortised cost (debt instruments)

ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

iv. Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:The financial asset is held within a business model with the objectives to hold financial assets in order to collect contractual cash flows; and.

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principal amount outstanding. .

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

Financial assets at fair value through profit or loss

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

x) 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.

y) Parent Entity Financial Information

The financial information for the parent entity, West African Resources Limited disclosed in Note 25 has been prepared on the same basis as the Group.

2. SEGMENT REPORTING

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

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

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

3. REVENUE AND EXPENSES

	Consolidated	
	Six Months Ended	Twelve Months Ended
	31 December 2018 $'000	30 June 2018 $'000
(a) Revenue		
Interest received	**405**	461
Net foreign exchange gain	**-**	325
	405	786
(b) Expenses		
Depreciation of non-current assets	**90**	95
Net foreign exchange loss	**175**	-
	265	95
Exploration expenditure		
Exploration related costs	**708**	20,002
Feasibility and scoping studies	**98**	1,796
	806	21,798

4. EMPLOYEE EXPENSES

	Consolidated	
	Six Months Ended	Twelve Months Ended
	31 December 2018 $'000	30 June 2018 $'000
Employee expenses:		
Salaries and wages	**2,530**	3,365
Other employment expenses	**195**	34
Less: allocation to exploration expenses and mines under construction	**(1,358)**	(2,677)
	1,367	722

5. 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	
	Six Months Ended	**Twelve Months Ended**
	31 December 2018	**30 June 2018**
	$	**$**
Accounting loss before tax	**(3,551)**	(25,603)
Income tax benefit at 27.5%	**976**	7,041
Non-deductible expenses:		
Foreign exchange gain	**41**	147
Share based payments	**(47)**	(82)
Impairment of loan to third party	**(4)**	-
Impairment of other receivables	**(160)**	(436)
Other non-deductible expenses	**(1)**	(1)
Temporary differences not recognised	**(292)**	260
Income tax benefit not recognised	**(493)**	(6,615)
Accounting expenditure subject to R&D tax incentive	**-**	(315)
R&D tax incentive	**-**	302
Income tax benefit attributable to loss from ordinary activities before tax	**-**	302

	Consolidated	
	Six Months Ended	Twelve Months Ended
	31 December 2018	30 June 2018
	$'000	$'000
Unrecognised deferred tax balances		
Tax losses attributable to members of the group - revenue	**75,185**	75,414
Potential tax benefit at 27.5%	**20,676**	20,739
Deferred tax liabilities		
Taxable temporary differences:		
Accrued interest	**-**	-
Deferred tax asset asset not booked		
Amounts recognised in profit & loss:		
- accrued expenses	**807**	553
- Provisions	**1,290**	-
- share issue costs	**1,187**	1,040
Net unrecognised deferred tax asset at 27.5%	**23,960**	22,333

6. LOSS PER SHARE

	Consolidated	
	Six Months Ended	Twelve Months Ended
	31 December 2018	30 June 2018
	$	$
Basic and diluted loss per share (cents per share)	**(0.5)**	(4.3)
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	**(3,550,653)**	(25,300,694)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	**707,811,612**	583,840,378

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2018 $'000	**30 June 2018 $'000**
Cash at bank and in hand	**7,297**	1,373
Short-term deposits	**59,058**	41,192
	66,355	42,565

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

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

	Consolidated	
	Six Months Ended	**Twelve Months Ended**
	31 December 2018 $'000	**30 June 2018 $'000**
(i) Reconciliation 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	**66,355**	42,565
(ii) Reconciliation of loss after income tax to net cash flows from operating activities:		
Loss after income tax	**(3,551)**	(25,300
Depreciation	**90**	95
Share based payments	**172**	297
Foreign exchange (gain)/loss	**175**	(325)
Impairment of non-current assets and other receivables	**595**	1,584
	(2,519)	(23,650)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(377)**	(1,161)
(Decrease)/Increase in trade and other payables	**(1,334)**	1,765
Net cash (outflow) from operating activities	**(4,230)**	(23,046)

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Current		
Prepayments	**204**	4
Other receivables	**2,509**	1,997
Loan to Director	**304**	296
Allowance for impairment	**(2,166)**	(1,584)
	851	713

Other receivables include value added taxes receivable of $2,166,000 from the revenue authorities of Burkina Faso. An allowance for impairment for this amount has been made pending the outcome of a submission to the revenue authorities in Burkina Faso.

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	**(1,584)**	-
Impairment losses and reversals recognised on receivables	**(582)**	(1,584)
Balance at the end of the year	**(2,166)**	(1,584)
Ageing of past due but not impaired		
30 - 60 days	**343**	413
60 - 90 days	**-**	-
90 - 120 days	**304**	296
Total	**647**	709

9. PROPERTY, PLANT AND EQUIPMENT

Carrying Value	Consolidated Buildings $'000	Office Equipment $'000	Plant & Equipment $'000	Motor Vehicles $'000	Total $'000
30 June 2018					
1 July 2017 - net of accumulated depreciation	2	21	101	3	127
Effects of movement in foreign exchange	-	1	5	-	6
Additions	144	1	189	2	336
Depreciation charge for the year	(23)	(4)	(65)	(2)	(94)
30 June 2018 - net of accumulated depreciation	123	19	230	3	375
31 December 2018					
1 July 2018 - net of accumulated depreciation	**123**	**19**	**230**	**3**	**375**
Effects of movement in foreign exchange	**3**	**-**	**5**	**-**	**8**
Additions	**1**	**40**	**-**	**54**	**95**
Depreciation charge for the year	**(25)**	**(9)**	**(47)**	**(9)**	**(90)**
31 December 2018 - net of accumulated depreciation	**102**	**50**	**188**	**48**	**388**

Cost and Accumulated Depreciation	Consolidated Buildings $'000	Office Equipment $'000	Plant & Equipment $'000	Motor Vehicles $'000	Total $'000
30 June 2018					
Cost	185	219	1,645	856	2,905
Accumulated depreciation	(62)	(201)	(1,416)	(852)	(2,531)
Net carrying amount	123	18	229	4	374
31 December 2018					
Cost	**191**	**264**	**1,690**	**933**	**3,078**
Accumulated depreciation	**(89)**	**(214)**	**(1,503)**	**(885)**	**(2,691)**
Net carrying amount	**102**	**50**	**187**	**48**	**388**

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

10. MINE PROPERTIES

	Consolidated	
	31 December 2018	**30 June 2018**
	$'000	**$'000**
Mines under construction		
Balance at 1 July 2018	**-**	-
Additions	**16,555**	-
Change in rehabilitation provision	**2,121**	-
Effects of movement in foreign exchange	**154**	-
Balance at 31 December 2018	**18,830**	-

11. OTHER NON-CURRENT ASSETS

	Consolidated	
	31 December 2018	**30 June 2018**
	$'000	**$'000**
Transaction costs	**3,148**	-
	3,148	-

The transaction costs represent amounts directly attributable to establishing the debt facility negotiated for the Sanbrado Gold Project. These amounts will be reclassified to borrowings upon drawdown of the facility.

12. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2018	**30 June 2018**
	$'000	**$'000**
Current		
Trade payables	**6,383**	3,969
Accruals	**2,936**	311
Other payables	**371**	117
	9,690	4,397

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

13. OTHER PROVISIONS

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Non-current		
Long service leave provision	**35**	-
Rehabilitation provision	**2,121**	-
	2,155	-
Reconciliation of movements in Rehabilitation Provision:		
Balance at the start of the period	**-**	-
Increase in rehabilitation provision during the period	**2,121**	-
Balance at the end of the period	**2,121**	-

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

14. ISSUED CAPITAL

	Consolidated 31 December 2018 $'000	Consolidated 30 June 2018 $'000
863,524,727 (30 June 2018: 690,824,727) fully paid ordinary shares	**161,947**	120,815

(a) Shares

(i) Ordinary shares - number	**No.**	**No.**
At start of period	**690,824,727**	484,248,253
Issue of shares 26 July 2017	**-**	53,906,250
Issue of shares 23 August 2017[1]	**-**	40,545,224
Issue of shares 20 February 2018[1]	**-**	500,000
Issue of shares 20 February 2018[1]	**-**	2,000,000
Issue of shares 15 May 2018	**-**	109,375,000
Issue of shares 15 May 2018[1]	**-**	250,000
Issue of shares 13 December 2018	**172,700,000**	-
Balance at end of period	**863,524,727**	690,824,727

(ii) Ordinary shares – value	**$'000**	**$'000**
At start of period	**120,815**	65,670
Issue of shares 26 July 2017	**-**	17,338
Issue of shares 23 August 2017[1]	**-**	5,676
Issue of shares 20 February 2018[1]	**-**	73
Issue of shares 20 February 2018[1]	**-**	290
Issue of shares 15 May 2018	**-**	35,000
Issue of shares 15 May 2018[1]	**-**	25
Issue of shares 13 December 2018	**43,175**	-
Share issue costs	**(2,043)**	(3,257)
Balance at end of period	**161,947**	120,815

[1] Share issued on exercise of options

(b) Options and rights

	No.	**No.**
At start of period	**15,978,125**	57,263,974
Issue of options 24 July 2017	**-**	1,078,125
Issue of options 18 October 2017	**-**	750,000
Issue of options 3 November 2017	**-**	2,750,000
Issue of options 29 March 2018	**-**	1,250,000
Issue of options 26 September 2018	**500,000**	-
Issue of options 28 November 2018	**1,000,000**	-
Issue of options 28 December 2018	**2,500,000**	-
Issue of Class A performance rights 28 December 2018	**1,022,565**	-
Issue of Class B performance rights 28 December 2018	**944,167**	-
Issue of option 28 December 2018	**1,223,828**	-
Exercise of options	**-**	(43,295,224)
Expiry of options	**(2,250,000)**	(3,818,750)
Balance at end of period	**20,918,685**	15,978,125

15. RESERVES

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Reserves	**7,544**	6,655
Reserves comprise the following:		
Foreign Currency Translation Reserve		
At start of period	**(48)**	27
Currency translation differences	**717**	(75)
Balance at end of period	**669**	(48)
Share Based Payments Reserve		
At start of period	**6,703**	6,261
Options issued - share based payment expense	**172**	297
Options issued - share issue costs	**-**	145
Balance at end of period	**6,875**	6,703

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.

16. DIVIDENDS

No dividends have been paid or declared payable since the start of the reporting period (30 June 2018: nil).

17. COMMITMENTS AND OTHER CONTINGENCIES

a) Exploration and mining lease commitments

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

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Due within 1 year	697	684
Due after 1 year but not more than 5 years	539	833
Due after 5 years	-	-
	1,236	1,517

b) Lease commitments

Commitments for minimum lease payments in relation to operating leases are payable as follows:

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Due within 1 year	307	-
Due after 1 year but not more than 5 years	266	-
Due after 5 years	-	-
	573	-

c) Capital commitments

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

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
Due within 1 year	22,336	-
Due after 1 year but not more than 5 years	-	-
Due after 5 years	-	-
	22,336	-

d) Other Contingencies

From time to time the authorities in Burkina Faso are known to lodge claims with 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 has received a tax exoneration certificate and 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 Group's operations in Burkina Faso is not yet known. Against this backdrop, the Group has a fully provisioned amount of $2,165,000 in value added tax ("VAT") receivable from the revenue authorities in Burkina Faso (refer Note 8).

18. RELATED PARTY DISCLOSURE

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

		Percentage Owned	
		31 December 2018	**30 June 2018**
Controlled Entities	**Country of Incorporation**	**%**	**%**
Parent Entity:			
West African Resources Ltd	Australia		
Subsidiaries of West African Resources Ltd:			
Wura Resources Pty Ltd SARL	Burkina Faso	**100**	100
West African Resources Development SARL	Burkina Faso	**100**	100
Channel Resources Ltd	Canada	**100**	100
which owns			
Channel Resources (Cayman I) Ltd	Cayman Islands	**100**	100
which owns			
Channel Resources (Cayman II) Ltd	Cayman Islands	**100**	100
which owns			
Tanlouka SARL	Burkina Faso	**100**	100
Société des Mines de Sanbrado SA [1]	Burkina Faso	**90**	90

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

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

	Consolidated		Parent Entity	
	31 December 2018 $'000	30 June 2018 $'000	31 December 2018 $'000	30 June 2018 $'000
Amounts owed by/(to) Related Parties				
Subsidiaries				
Wura Resources Pty Ltd SARL	**-**	-	**21,865**	21,814
Societe des Mines de Sanbrado SA	**-**	-	**30,576**	18,947
West African Resources Development SARL	**-**	-	**503**	497
Tanlouka SARL	**-**	-	**17,525**	15,791
Channel Resources (Cayman I) Ltd	**-**	-	**-**	-
Channel Resources (Cayman II) Ltd	**-**	-	**26**	13
Channel Resources Ltd	**-**	-	**(23)**	(14)
Total	**-**	-	**70,472**	57,049
Provision for impairment	**-**	-	**(70,469)**	(57,053)
	-	-	**3**	(5)
Amounts payable to Directors for Directors' Fees (including GST)	**10**	16	**16**	16
Amounts payable to Directors for Consulting Fees (including GST)	**42**	34	**42**	37

Further information with respect to related party transactions are included in Note 21.

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

	Six Months Ended 31 December 2018 $'000	Twelve Months Ended 30 June 2018 $'000
Statement of profit or loss and other comprehensive income		
Revenue	**867**	370
Profit / (Loss) for the period:		
Attributable to owners of the parent	**(138)**	(13,994)
Attributable to non controlling interest	**(15)**	(1,555)
	(153)	(15,549)
Statement of financial position		
Assets		
Current assets	**1,636**	1,087
Non-current assets	**10,372**	256
	12,008	1,343
Liabilities		
Current liabilities	**32,892**	21,640
Non-current liabilities	**-**	-
	32,892	21,640
Equity		
Attributable to owners of the parent	**(18,796)**	(18,274)
Attributable to non controlling interest	**(2,088)**	(2,023)
	(20,884)	(20,297)
Statement of cash flows		
Net used in operating activities	**(245)**	(7,389)
Net used in investing activities	**(10,184)**	(31)
Net cash from/(used in) financing activities	**11,019**	7,440
	590	20

19. SUBSEQUENT EVENTS AFTER THE BALANCE DATE

West African Resources Limited applied for a voluntary de-listing of its ordinary shares (“shares”) from trading on the TSX Venture Exchange (“TSXV”). TSXV has subsequently confirmed that the Company’s shares will be de-listed and therefore no longer traded on the TSXV after close of trading on Friday, 8 March 2019. No change will occur to the quotation and trading of WAF shares on the Australian Securities Exchange (“ASX”) and its shares will remain available for trading on the ASX under the code “WAF”.

20. AUDITORS' REMUNERATION

	Consolidated	
	31 December 2018 $'000	30 June 2018 $'000
The auditor of West African Resources Limited is HLB Mann Judd		
Audit or review of the financial statements	18	28
All other services	1	-
	19	28
Amounts received or due and receivable by non HLB Mann Judd audit firms		
Audit or review of the financial statements	-	14
Certification of expenditure	5	-
	5	14

21. DIRECTORS AND EXECUTIVE DISCLOSURES

a) Details of Key Management Personnel

Directors

Mark Connelly	Chairman (non-executive)
Richard Hyde	Managing Director
Simon Storm	Director (non-executive)
Ian Kerr	Director (non-executive)

Other

Lyndon Hopkins	Chief Operating Officer
Padraig O'Donoghue	Chief Financial Officer
Matthew Wilcox	Chief Development Officer

b) Compensation of Key Management Personnel

	Consolidated	
	Six Months Ended	Twelve Months Ended
	31 December 2018 $'000	30 June 2018 $'000
Short-term employee benefits	549	890
Post-employment benefits	30	26
Share-based payments	125	230
	704	1,146

c) Compensation by category of Key Management Personnel for the year ended 31 December 2018

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

d) Other transactions and balances with Key Management Personnel

	Consolidated	
	Six Months Ended	**Twelve Months Ended**
	31 December 2018	**30 June 2018**
	$'000	**$'000**
Directors		
Transaction: Fees paid to Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services to the company on normal commercial terms, for whom Mr Storm, Director and Company Secretary, is a director and shareholder. This excludes fees included as remuneration noted under 6(a).	**18**	52
Balance: Amount payable to Dorado Corporate Services Pty Ltd at balance date $14,967 (30 June 2018: $8,780).		
Transaction: 5.5% interest on the $290,000 loan advance provided to the Managing Director on arm's length terms to fund the exercise of 2,000,000 options at 14.5 cents, with maturity date of 31 December 2018.	**304**	296
Balance: Amount receivable at balance date $303,723 (30 June 2018: $295,682)		
Transaction: The Managing Director's spouse has provided office premises to the Company for $440 per week at 14 Southbourne Street, Scarborough, Western Australia until 28 October 2018.	**11**	21
Balance: Amount payable to Managing Director's spouse at balance date $Nil (30 June 2018: $3,960).		
Transaction: Fees paid to Ausdrill Ltd. The Chairman, Mr Connelly was a director of Ausdrill Ltd (resigned June 2018) which through its wholly owned subsidiary, African Mining Services Burkina Faso SARL, has provided exploration drilling services to Société des mines de Sanbrado SA, Wura Resources Pty Ltd SARL and Tanlouka SARL on normal commercial terms. Mr Connelly is not party to any of these commercial negotiations. This excludes fees included as remuneration noted under B.	**-**	2,375
Balance: Amount payable to Ausdrill Ltd at balance date $Nil (30 June 2018: $2,374,764).		
	333	2,744

22. FINANCIAL INSTRUMENTS

	Consolidated	
	31 December 2018 $'000	**30 June 2018 $'000**
Financial assets		
Cash and cash equivalents	**66,355**	42,565
Trade and other receivables	**851**	713
Financial Assets	**37**	37
	67,243	43,315
Financial liabilities		
Trade and other payables	**(9,690)**	(4,397)
	(9,690)	(4,397)

23. FINANCIAL RISK MANAGEMENT

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

a) Market risk

i) Interest rate risk

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

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

	Consolidated						
			Fixed Interest Rate Maturing				
	Weighted Average Effective Interest Rate	Floating Interest Rate $	Within Year $	1 to 5 Years $	Over 5 Years $	Non-interest bearing $	Total $
30 June 2018							
Financial Assets							
Cash & cash equivalents	2.0%	1,373	41,133	-	-	59	42,565
Trade and other receivables	5.5%	-	296	-	-	417	713
Financial Assets	2.7%	-	37	-	-	-	37
Total financial assets		1,373	41,466	-	-	477	43,315
Financial Liabilities							
Trade and other payables		-	-	-	-	4,397	4,397
Total financial liabilities		-	-	-	-	4,397	4,397
31 December 2018							
Financial Assets							
Cash & cash equivalents	1.7%	**7,297**	**51,821**	**-**	**-**	**7,237**	**66,355**
Trade and other receivables	5.5%	**-**	**304**	**-**	**-**	**547**	**851**
Financial Assets	2.7%	**-**	**37**	**-**	**-**	**-**	**37**
Total financial assets		**7,297**	**52,162**	**-**	**-**	**7,784**	**67,243**
Financial Liabilities							
Trade and other payables		**-**	**-**	**-**	**-**	**9,690**	**9,690**
Total financial liabilities		**-**	**-**	**-**	**-**	**9,690**	**9,690**

ii) Interest rate sensitivity

At 31 December 2018, if variable interest rates for the full year were -/+ 0.5% from the year-end rate with all other variables held constant, pre-tax profit for the year would have moved as per the table below.

	+0.5% $'000	-0.5% $'000
31 December 2018	**174**	**(174)**
30 June 2018	85	(85)

The sensitivity is calculated using the average cash position for the year ended 31 December 2018. The interest income in note 3(a) of $405,000 (30 June 2018: $461,000) reflects cash balances in the period that ranged between $33,480,000 and $66,354,000 (30 June 2018: $10,550,000 and $42,565,000).

iii) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk primarily arising from costs denominated in CFA and USD. The Group seeks to mitigate the effects of its foreign currency exposure by holding a portion of its cash deposits in Euro, which has an exchange rate that is pegged to the CFA, and USD.

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

The Group does not have a policy to enter into forward contracts or other hedge derivatives.

At 31 December 2018 and 30 June 2018, the Group had the following exposure to CFA, Euro, and USD foreign currencies expressed in AUD equivalents:

	Consolidated	
	31 December 2018 **$'000**	**30 June 2018** **$'000**
Financial assets		
Cash and cash equivalents	**14,269**	1,464
Trade and other receivables	**2,166**	1,749
	16,435	3,213
Financial liabilities		
Trade and other payables	**2,352**	3,330
	2,352	3,330

iv) Exchange rate sensitivity

A 10 per cent strengthening of the Australian dollar against the following currencies at 31 December would have increase/(decreased) profit or loss by the amounts shown in the below table. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended 30 June 2018.

	Profit or Loss	
	Six Months Ended	**Twelve Months Ended**
	31 December 2018	**30 June 2018**
	$'000	**$'000**
USD	**(488)**	(15)
CFA	**(148)**	33
EUR	**(645)**	(5)

A 10 per cent weakening of the Australian dollar against the above currencies at 31 December would have had the equal but the opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

b) Credit risk

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

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

c) Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. Liquidity risk management involves maintaining sufficient cash on hand or undrawn credit facilities to meet the operating requirements of the business. This is currently managed through cash and cash equivalents of $66,355,000 and prudent cashflow and financial commitment management. The tables below analyse the Group's financial assets and liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

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

31 December 2018	**<6 months $'000**	**6-12 months $'000**	**1-5 years $'000**	**>5 years $'000**	**Total $'000**
Consolidated					
Financial assets					
Cash & cash equivalents	**66,355**	**-**	**-**	**-**	**66,355**
Trade & other receivables	**851**	**-**	**-**	**-**	**851**
Financial Assets	**37**	**-**	**-**	**-**	**37**
Borrowings	**-**	**-**	**3,148**	**-**	**3,148**
	67,243	**-**	**3,148**	**-**	**70,391**
Financial liabilities					
Trade & other payables	**(9,690)**	**-**	**-**	**-**	**(9,690)**
	(9,690)	**-**	**-**	**-**	**(9,690)**
Net maturity	**57,553**	**-**	**3,148**	**-**	**60,701**

30 June 2018	**<6 months $'000**	**6-12 months $'000**	**1-5 years $'000**	**>5 years $'000**	**Total $'000**
Consolidated					
Financial assets					
Cash & cash equivalents	42,565	-	-	-	42,565
Trade & other receivables	713	-	-	-	713
Financial Assets	37	-	-	-	37
	43,315	-	-	-	43,315
Financial liabilities					
Trade & other payables	(4,397)	-	-	-	(4,397)
	(4,397)	-	-	-	(4,397)
Net maturity	38,918	-	-	-	38,918

24. SHARE-BASED PAYMENT PLANS

Set out below is a summary of the options granted by the Group during the year ended 30 June 2018 and six months ended 31 December 2018 financial periods. The fair value for options granted in financial periods are independently determined using the Black-Scholes and Binomial Option Pricing Models, respectively. Both pricing models take into account the value of the underlying share, the risk-free rate of return, the volatility of the share price, the exercise price of the option, and the remaining time to maturity.

Unlisted Options - 31 December 2018

Number	Grant Date	Expiry date	Exercise price	Fair value at grant date	Vesting date
500,000	26-Sep-18	26-Sep-21	$0.3100	$0.1270	First gold production
500,000	28-Nov-18	28-Nov-21	$0.3100	$0.1230	First gold production
500,000	28-Nov-18	28-Nov-21	$0.3100	$0.1230	First concrete pour for the plant
2,500,000	28-Dec-18	28-Dec-21	$0.3200	$0.1040	First gold pour and commercial production
1,022,565	28-Dec-18	28-Dec-21	$0.0000	$0.2500	When the Company achieves certain milestones in relation to its Sanbrado Gold Project within 12 months of the date the performance rights are issued
944,167	28-Dec-18	28-Dec-23	$0.0000	$0.2500	First gold pour and commercial production
1,223,828	28-Dec-18	28-Dec-22	$0.4300	$0.1120	When the company's share price equals 145% of the trading day VWAP of the company
Weighted average exercise price			$0.2500		

Unlisted Options - 31 December 2018

Grant Date	Dividend yield	Expected Volatility	Risk-free interest rate	Expected life of option	Exercise price	Share price on grant date
26-Sep-18	0%	71%	2.13%	3 years	$0.3100	$0.285
28-Nov-18	0%	71%	2.09%	3 years	$0.3100	$0.280
28-Nov-18	0%	71%	2.09%	3 years	$0.3100	$0.280
28-Dec-18	0%	71%	1.87%	3 years	$0.3200	$0.250
28-Dec-18	0%	44%	1.93%	1 year	$0.0000	$0.250
28-Dec-18	0%	71%	1.87%	3 years	$0.0000	$0.250
28-Dec-18	0%	74%	2.02%	4 years	$0.4300	$0.250

Unlisted Options - 30 June 2018

Number	Grant Date	Expiry date	Exercise price	Fair value at grant date	Vesting date
1,078,125	24-Jul-17	24-Jul-19	$0.3224	$0.1340	24-Jul-17
750,000	18-Oct-17	18-Oct-20	$0.3750	$0.1162	First gold production
2,750,000	09-Nov-17	09-Nov-20	$0.2400	$0.1449	First gold production
1,250,000	29-Mar-18	29-Mar-21	$0.4100	$0.1130	First gold production
Weighted average exercise price			$0.3100		

Unlisted Options - 30 June 2018

Grant Date	Dividend yield	Expected Volatility	Risk-free interest rate	Expected life of option	Exercise price	Share price on grant date
24-Jul-17	0%	63%	2.00%	2 years	$0.3224	$0.350
18-Oct-17	0%	58%	1.54%	3 years	$0.3750	$0.400
09-Nov-17	0%	58%	2.19%	3 years	$0.2400	$0.380
29-Mar-18	0%	45%	2.19%	3 years	$0.4100	$3.800

Expenses arising from share-based payment transactions:

	Consolidated	
	Six Months Ended	**Twelve Months Ended**
	31 December 2018	**30 June 2018**
	$'000	**$'000**
Share based payments to Directors	**83**	203
Share based payments to employees	**84**	80
Share based payments to third party	**6**	14
	172	297

25. PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	31 December 2018	**30 June 2018**
	$'000	**$'000**
BALANCE SHEET		
Current assets	**65,367**	42,063
Non-current assets	**11,854**	8
Total assets	**77,221**	42,071
Current Liabilities	**7,086**	1,222
Non-current Liabilities	**2,155**	-
Total liabilities	**9,241**	1,222
Net assets	**67,980**	40,849
Equity		
Issued capital	**161,947**	120,815
Reserves	**6,875**	6,703
Accumulated losses	**(100,842)**	(86,669)
Total Equity	**67,980**	40,849
PROFIT/(LOSS) FOR THE REPORTING PERIOD	**(757)**	(22,847)
Income tax benefit	**-**	302
Total comprehensive loss	**(757)**	(22,545)

Guarantees, Commitments and Contingencies

There are no guarantees, commitments or contingencies in the Parent Entity other than $178,130 of rental property lease commitments due within one year (30 June 2018: nil).

DIRECTORS' DECLARATION

1. In the opinion of the Directors:

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

   (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the year then ended; and

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

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

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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 31 December 2018.

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

R Hyde

RICHARD HYDE
Managing Director

28 March 2019

AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of West African Resources for the period ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

Perth, Western Australia	**B G McVeigh**
28 March 2019	**Partner**

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INDEPENDENT AUDITOR'S REPORT
To the members of West African Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of West African Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the period then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of development expenditure Note 10 to the financial report	
As at 31 December 2018, the carrying value of the Group's mine properties was $18,830,240, and is a material asset of the Group. The date in which a project transitions from exploration and evaluation to development, and then to production requires management's judgement. At balance date the Group had one mine property being a 100% share in the Sanbrado Gold Project.	Our procedures included but were not limited to the following: • We considered management's assessment of the date on which the project had transitioned from exploration and evaluation to development and, as a result, when capitalisation of development costs commenced; • We performed an impairment assessment of capitalised exploration costs transferred to development expenditure at the date of transition; • In relation to the substantial capitalisation of expenditure during the year as mine properties, we performed detailed testing, including verifying the authorisation, accuracy and completeness of the recording and classification of capital expenditure; • We considered the Directors' assessment of potential indicators of impairment; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the period ended 31 December 2018.

In our opinion, the Remuneration Report of West African Resources Limited for the period ended 31 December 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd	**B G McVeigh**
Chartered Accountants	**Partner**

Perth, Western Australia
28 March 2019

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 18 March 2019.

1. DISTRIBUTION OF SHARES

Category (size of holding)	Number of holders
1 – 1,000	89
1,001 – 5,000	283
5,001 – 10,000	269
10,001 -100,000	930
100,001 – and over	471
	2,042

The number of shareholdings held in less than marketable parcels is 133.

2. TWENTY LARGEST SHAREHOLDERS

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

	Shareholders	No. Of Shares Held	% Holding
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	199,836,324	23.12%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	82,451,816	9.54%
3	CITICORP NOMINEES PTY LIMITED	55,302,665	6.40%
4	CDS & CO	38,423,160	4.45%
5	ZERO NOMINEES PTY LTD	27,959,791	3.23%
6	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	27,464,093	3.18%
7	NATIONAL NOMINEES LIMITED	23,383,117	2.71%
8	UBS NOMINEES PTY LTD	23,179,898	2.68%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	19,881,475	2.30%
10	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	13,998,859	1.62%
11	STICHTING LICHFIELD US <A/C 051 52041 9>	13,250,000	1.53%
12	ALOHA INVESTMENTS PTY LTD <ALOHA INVESTMENT A/C>	10,550,000	1.22%
13	P R PERRY NOMINEES PTY LTD <DONESK FAMILY A/C>	9,234,734	1.07%
14	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	8,707,686	1.01%
15	MR RICHARD HYDE	7,730,769	0.89%
16	AMP LIFE LIMITED	7,249,192	0.84%
17	MR FRANCIS ROBERT HAWDON HARPER	5,450,464	0.63%
18	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	5,293,742	0.61%
19	BOSTON FIRST CAPITAL PTY LTD	5,189,385	0.60%
20	CEDE & CO	5,115,106	0.59%
		589,652,276	68.22%

3. 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 864,400,727 shares on the register. The Company was previously also listed on the Toronto Stock Venture Exchange (TSX), which it delisted from on 8th March 2019.

4. SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders are:

Shareholder	Number of shares
VanEck Associates Corporation	61,429,800
Mason Hill Advisors, LLC on behalf of itself, Equinox Partners LP, Wilhelmus Henricus Maria Pot and Stichting Lichfield	47,425,761

5. VOTING RIGHTS

All shares carry one vote per unit without restriction.

6. UNLISTED OPTIONS

22,178,201 options and performance rights are held by 18 option holders. Options do not carry a right to vote.

Holders of more than 20% of the unlisted options and performance rights are:

Unlisted option holder	Number of options
Zenix Nominees Pty Ltd	5,000,000

SUMMARY OF TENEMENTS IN BURKINA FASO

At 18 March 2019

Tenement Name	Registered Holder	% Held	Tenement Number	Grant Date	Expiry Date	Tene-ment Type	Tenement Area km2	Geographical Location
Damongto	Wura Resources Pty Ltd SARL	100%	No 2018-184/MMC/SG/DGCM	05/09/2018	01/03/2021	EL	26	Ganzourgou Province
Goudré	Wura Resources Pty Ltd SARL	100%	No 2018-186/MMC/SG/DGCM	05/09/2018	23/03/2021	EL	175	Ganzourgou Province
Manessé	Tanlouka SARL	100%	N2017/014/MEMC/SG/DGCMIM	13/01/2017	13/01/2020	EL	90,35	Ganzourgou Province
Sartenga	West African Resources Development SARL	100%	No 2018-190/MMC/SG/DGMC	05/08/2017	04/08/2020	EL	130.7	Namentenga Province
Toghin	Wura Resources Pty Ltd SARL	100%	No 17 - 182/MMC/SG/DGCM	18/07/2017	17/07/2020	EL	166	Ganzourgou, Provinces
Vedaga	Wura Resources Pty Ltd SARL	100%	No 17 - 232/MMC/SG/DGCM	18/07/2017	17/07/2020	EL	154.7	Gnagna, Kouritenga Provinces
Bollé	Wura Resources Pty Ltd SARL	100%	No 17 – 223//MMC/SG/DGCM	21/11/2017	20/11/2020	EL	205.5	Ganzourgou Province
Zam Sud	Wura Resources Pty Ltd SARL	100%	No 2018-183/MMC/SG/DGCM	05/09/2018	01/03/2021	EL	17.46	Ganzourgou Province
Sanbrado	Societe Des Mines De Sanbrado Sa	90%	Décret No 2017 – 104/PRES/PM/MEMC/MINEFID/MEEVCC Arrêté No 2018-139/MMC/SG/DGMG	13/03/2017	12/03/2024	ML	25.9	Ganzourgou Province