



WEST AFRICAN
RESOURCES LIMITED

2020

**ANNUAL
REPORT**



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CORPORATE INFORMATION

Company

West African Resources Limited

ABN

70 121 539 375

Directors

Richard Hyde (Executive Chairman and CEO)
Lyndon Hopkins (Executive Director and COO)
Rod Leonard (Non-Executive Director)
Libby Mounsey (Non-Executive Director)
Nigel Spicer (Non-Executive Director)
Stewart Findlay (Non-Executive Director)

Company Secretary

Padraig O'Donoghue

Principal place of business

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Subiaco WA 6008 Australia

Registered office

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T: +226 25 36 73 84

Website

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Share registry

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Perth WA 6000 Australia
T: +61 (8) 9323 2000

Auditors

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

Security exchange

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



CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am pleased to present the 2020 Annual Report for West African Resources Limited (ASX: WAF).

2020 was a tremendously successful year for WAF and its shareholders considering the challenges we faced while ramping up during the global pandemic. The consolidated group generated strong financial results during the first year of gold production with A\$148 million of operating cash flow, A\$99 million profit, and a healthy A\$95 million cash balance at year end after making an early debt repayment of US\$25 million. Additionally, investments in the acquisition of the Toega gold deposit and deep exploration drill holes at M1 South Deeps were well rewarded with a 65% increase in Sanbrado's Mineral Resources to 5.1 million ounces at 2 grams per tonne gold.

The Company's 2020 achievements also included completing the construction of Sanbrado ahead of schedule and under budget, pouring first gold on 18 March 2020, declaring commencement of commercial production on 1 May 2020 and producing 136,476 ounces of gold at an AISC of US\$1,021 per ounce. These achievements strongly demonstrate the commercial and technical capabilities of West African's team and our determination to deliver on our promises, in a safe, efficient, considered and cost-effective manner.

This Annual Report includes a sustainability summary highlighting the Company's commitment to delivering on its environmental and social responsibility programs using internationally recognised standards. Our Company is committed to Burkina Faso and to operating Sanbrado in a manner that will provide widespread economic benefits for the Burkina Faso Government, local and regional communities, and our other stakeholders.

WAF updated its Board in 2020 as the Company repositioned for the production-phase of Sanbrado. Two new independent Non-executive Directors, Libby Mounsey and Stewart Findlay, joined the board while Simon Storm and Mark Connelly retired as Non-executive Directors on 29 May 2020. Ms Mounsey chairs the Remuneration Committee and has brought valuable HR and industrial relations skills to the Board. Mr Findlay has an extensive background in financial markets and chairs the Audit Committee. Our other two Non-executive independent Directors, Rod Leonard and Nigel Spicer have world-class mineral processing and mining backgrounds, respectively including significant experience in Africa. The Board recently appointed Mr Leonard as Lead Independent Director to enhance the Company's governance framework.

Whilst I am proud of the Company's achievements in 2020 our focus continues to be on the future of the Company. We recently set West African's maiden guidance at 250,000 to 280,000 ounces of gold for 2021 at an AISC of US\$720 to US\$800 per ounce. We also released the 10-year production outlook with Sanbrado set to average over 200,000 ounces of gold per annum from 2021 to 2030. These metrics provide an incredibly strong base upon which the Company can continue to grow through targeted drilling and exploration creating further value for our shareholders and stakeholders.

I would like to congratulate West African's dedicated team who have worked safely to achieve our goals and thank my fellow Board members for their support.



RICHARD HYDE

Executive Chairman & CEO



2020 IN BRIEF

18 Mar	First gold poured at Sanbrado
29 Apr	Definitive agreement to acquire Toega gold deposit
1 May	Sanbrado commences commercial production
30 Sep	High-grade gold mineralisation intercepted beneath ore reserves at M1 South
6 Nov	Early US\$25 million debt repayment

136,476 ounces
US\$1,021 AISC/oz
GOLD PRODUCTION

A\$98.9 million
NET PROFIT

5.1 million ounces
YEAR-END RESOURCES

1.5 million ounces
YEAR-END RESERVES



DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of West African Resources Limited (the "Company") and its controlled subsidiaries (the "Group", "West African" or "WAF") for the-year ended 31 December 2020.

ABOUT WEST AFRICAN RESOURCES LIMITED

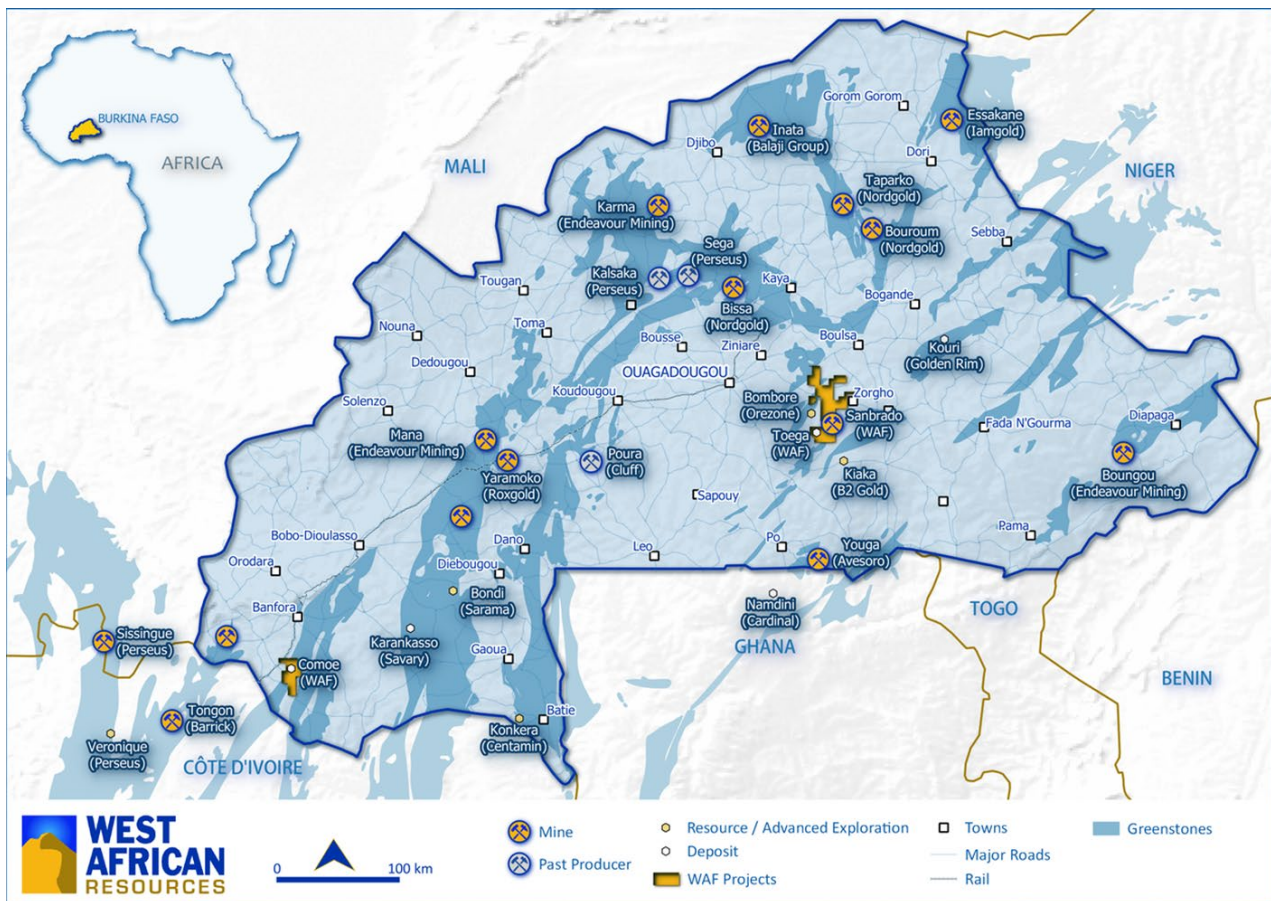
West African Resources Limited (the "Company") and its subsidiaries (the "Group", "WAF", or "West African") is the operator and 90% owner of the Sanbrado Gold Project (Sanbrado) in Burkina Faso. The government of Burkina Faso retains a 10% equity interest in Sanbrado.

The Group's mineral portfolio also includes gold and copper-gold exploration permits in Burkina Faso.

OPERATING REVIEW

LOCATION

Sanbrado is located in central Burkina Faso, 90 kilometres east-southeast of the capital city of Ouagadougou.



SANBRADO CONSTRUCTION COMPLETED IN FIRST HALF OF 2020

Construction of Sanbrado was completed in early 2020 ahead of schedule and under-budget, with first gold pour occurring in March 2020 and commercial production declared on 1 May 2020.



figure 1 - Sanbrado processing plant

SANBRADO PRODUCTION STATISTICS

West African Resources completed its maiden year of operations at Sanbrado with 136,476 ounces of gold produced. The key 2020 production statistics for Sanbrado used by management are contained in the following table. As 2020 is the first year of operation for Sanbrado, prior year comparatives are not available.

	Unit	Year 2020
OP mining		
Total movement	BCM '000	8,909
Total movement	kt	21,415
Strip ratio	w:o	5.1
Ore mined	kt	3,494
Mined grade	g/t	1.3
Contained gold	oz	145,803
UG mining		
Ore mined	kt	119
Mined grade	g/t	10.0
Contained gold	oz	38,232
Processing		
Ore milled	kt	2,616
Head grade	g/t	1.7
Recovery	%	93.4
Gold produced	oz	136,476
Gold poured	oz	133,534

SAFETY

The Company is pleased to report Sanbrado's safety performance for 2020:

- there were no significant health or safety incidents during the year; and
- the annual TRIFR rate was 2.6¹.

OPEN PIT MINING

After initial mobilisation by the open pit mining contractor in December 2019, open pit mining ramped up to full production capacity during the first quarter of 2020. The mining plan for 2020 was to initially develop the higher-grade M5 South Stage 1 and M1 South pits with the M1 North pit being developed towards the end of the year. Due to the early completion of construction, subsequent performance of the process plant (processing softer oxide and transition ores at a rate 30% above the nameplate design capacity) the mining of the M5 North Stage 1 pit was brought forward by 12 months to provide a low strip ratio ore source to meet the process plant demand. Site layout of the project is shown below in figure 2 and a long section through M5 is show in figure 3.

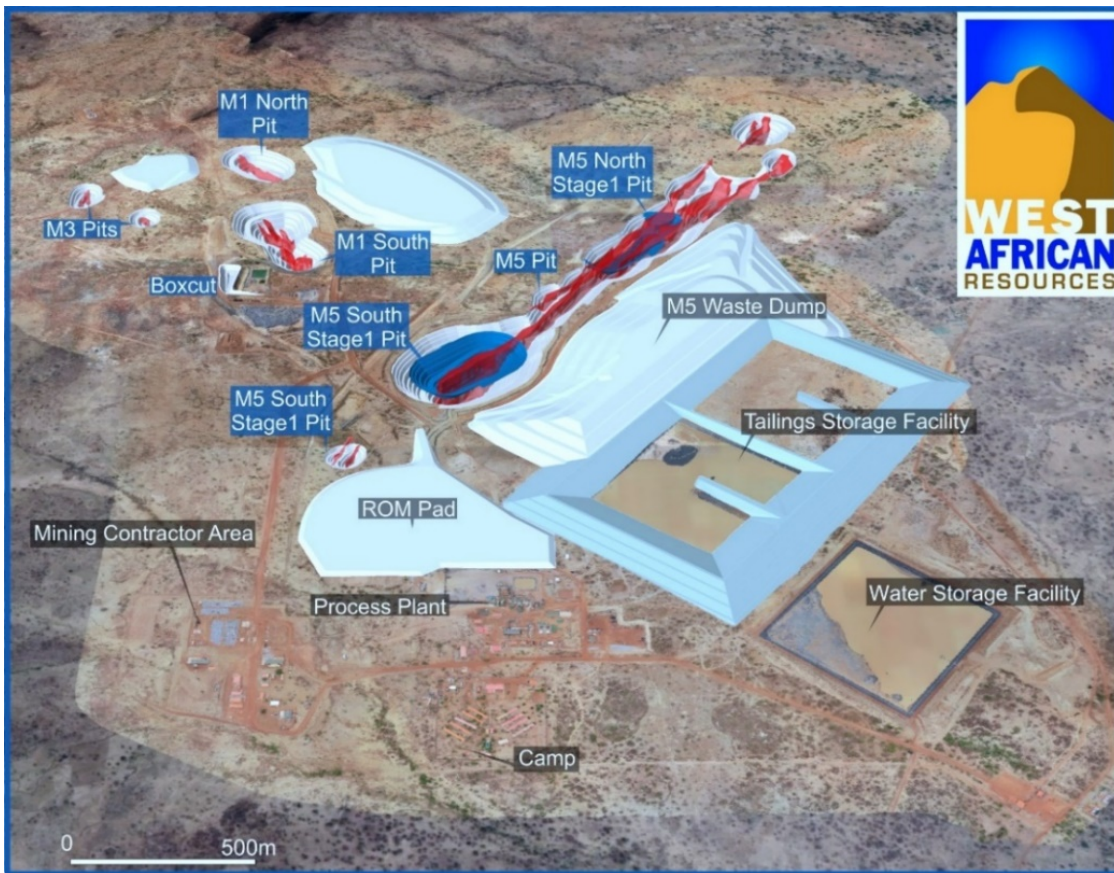


figure 2 - Sanbrado layout

¹ Western Australian Total Mining Average TRIFR of 6.2. Department of Mines, Industry Regulation and Safety, 2020, Safety performance in the Western Australian mineral industry — accident and injury statistics 2019-20: Department of Mines, Industry Regulation and Safety, Western Australia. https://www.dmp.wa.gov.au/Documents/Safety/MSH_Stats_Reports_SafetyPerfWA_2019-20.pdf

During 2020 the total material movement from the open pits was 21 Mt at a strip ratio of 5:1 to provide 3.5 Mt of ore at an average grade of 1.3 g/t Au. Lower grade ore was stockpiled with preferential treatment of higher-grade material. Total stockpiles at the end of 2020 were 1.0 Mt at a grade of 1.2 g/t Au.

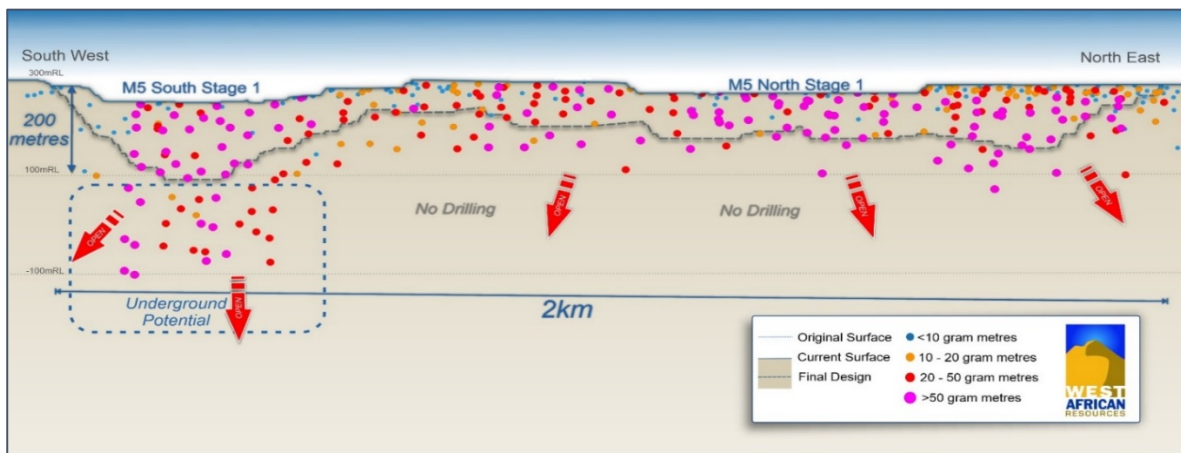


figure 3 – Long section through the M5 Pit

UNDERGROUND MINING

During 2020 some 2.6 km of development for the decline and stope access was completed. At the end of 2020 the decline was 297 m below surface (vertically) providing access to the base of the second mining panel. Ore mined from the underground during 2020 was comprised of 60 kt of stoping ore at 9.0 g/t Au and 60 kt of ore from development drives at 11.0 g/t Au.

Development and stoping completed to 31 December 2020 is illustrated in Figure 5 below.

PROCESSING

Commissioning of the process plant commenced in March 2020 with commercial production achieved in May. During 2020 a total of 2.6 Mt was milled at a grade of 1.7 g/t Au producing 136,476 ounces of gold.



figure 4 – Sanbrado process plant

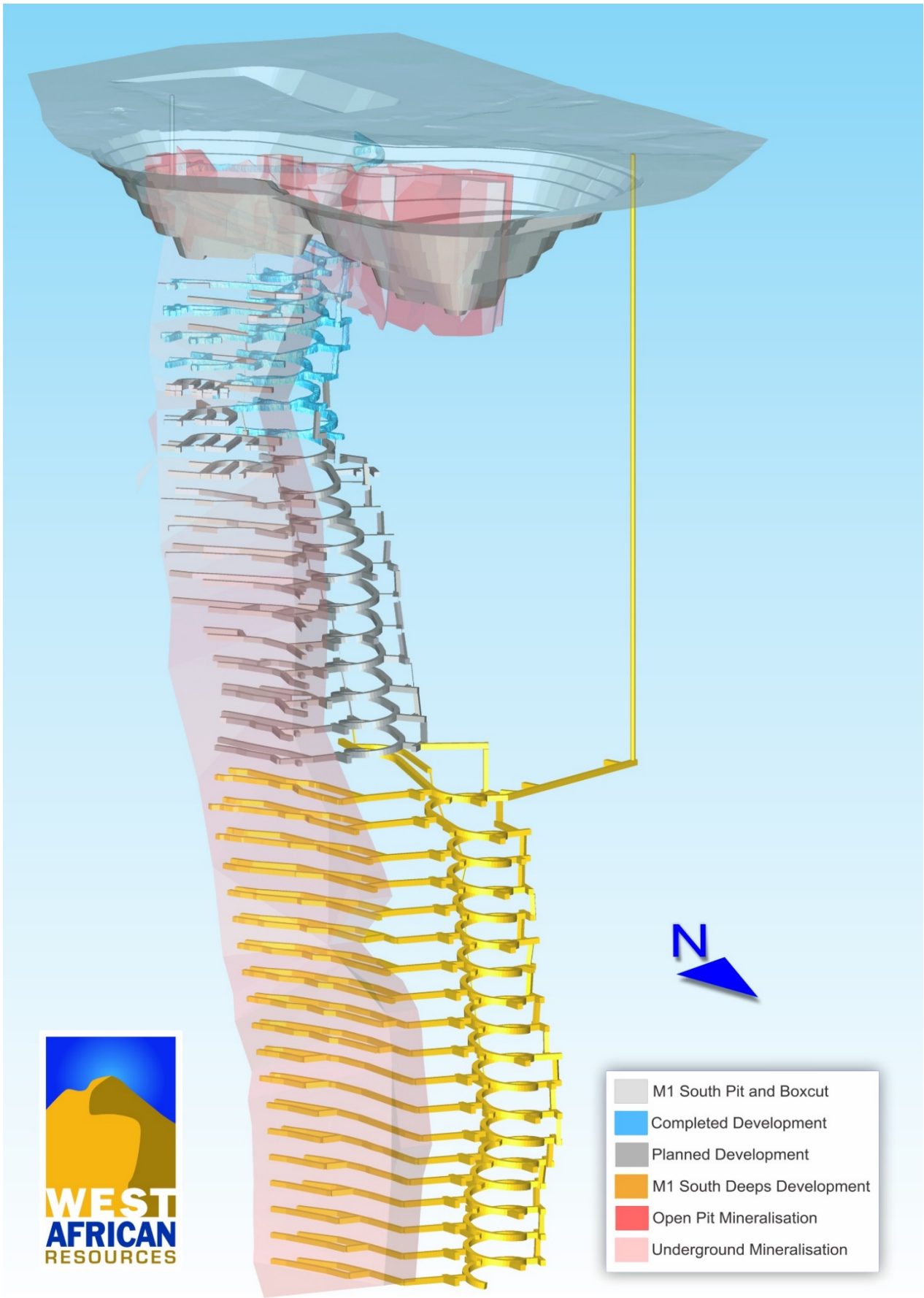


figure 5 – Isometric diagram of M1 South

GROWTH

Toega acquisition

On 29 April 2020 WAF announced it had signed a definitive agreement to acquire 100% of the Toega gold deposit from B2Gold and their partner GAMS-Mining F&I Ltd with the aim of upgrading the Toega resource for future processing through the Sanbrado process plant. The Toega deposit is located 14km southwest of the Sanbrado.

On 9 March 2021 WAF announced on ASX that it had completed work to report an Inferred Mineral Resource for the Toega deposit of 22 million tonnes at a grade of 2.1 g/t for 1.3 million contained ounces of gold.

M1 South Deeps

During 2020 WAF returned positive results from extension drilling beneath the currently defined M1 South Ore Reserve ("M1 South Deeps").

On 9 March 2021 WAF announced on ASX that it had completed a technical evaluation including resource estimation and mine planning to determine the development requirements to extend the M1 South underground mine. It also reported an Inferred Mineral Resource for M1 South Deeps of 2.1 million tonnes at a grade of 12.4 g/t for 820,000 contained ounces of gold.

Long term production targets

In the above-noted 9 March 2021 ASX announcement WAF outlined its long-term production targets for Sanbrado which include both M1 South Deeps and Toega material in the life-of-mine plan to extend the life of the Sanbrado project by 5 years from 2028 to 2033 with:

- Toega open pit mining to commence with the pre-strip in 2023 and Toega material being included in the processing schedule from 2024; and
- M1 South Deeps underground material being included in the processing schedule from 2025.

Inferred Mineral Resources have lower confidence levels than an Indicated Mineral Resources and there is no certainty that further resource definition work will result in the conversion of Inferred Mineral Resources to the Indicated category.



figure 6 – Sanbrado accommodation camp

SUSTAINABILITY REVIEW

This sustainability summary report highlights the Group's activities in three interrelated areas for the period of January to December 2020, including:

- governance,
- community engagement and socio-economic contribution and
- environmental performance.

Development of West African's sustainability reporting is ongoing as the Group aligns with reporting frameworks. For 2020 the reporting focuses on Sanbrado and includes references to the recently acquired Toega gold deposit situated 14km south west of Sanbrado.

In 2019 West African engaged independent international experts to undertake a comprehensive review of the Sanbrado operations, including the Group's environmental and social management programs, stakeholder engagement, socio-economic contribution, and governance practices.

“By undertaking a rigorous review of our environmental, social and governance practices, we have an understanding of where our key environmental and social risks are and what we need to do to eliminate, reduce and manage them.”

This extensive review was structured using leading global industry practices and sustainability frameworks, including the Equator Principles and the International Finance Corporation's Performance Standards for management of environmental and social risks. The result of the review was an Environmental and Social Action Plan (ESAP) that has guided the environmental and social activities being undertaken at Sanbrado in conjunction with compliance requirements and industry practices. Additional focus and training in areas such as the United Nations Voluntary Principles on Security and Human Rights has placed matters of significance in doing business internationally at the forefront of Sanbrado operations.

Despite the challenges presented by the COVID-19 pandemic in 2020, WAF continued to meet or exceed its sustainability targets. By the end of December 2020, a majority of the actions and improvements identified in the ESAP had been completed or were in advanced stages of completion across areas of environment, social and health and safety.

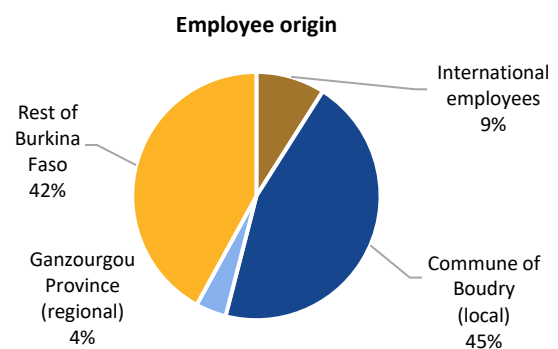
OUR PEOPLE

Health and safety

Although 2020 was a challenging year for businesses and communities around the world, West African maintained its health and safety standards and practices. The Company's management team responded to the COVID-19 situation by ensuring staff and contractors were aware of the current health guidelines set out by the World Health Organisation and the Government of Burkina Faso. Actions such as social distancing, maintaining personal hygiene, and wearing appropriate personal protective equipment were made mandatory. The Sanbrado on-site clinic became equipped to administer COVID-19 tests and a policy for managing the pandemic was issued. National and international staff were kept informed of the quickly changing conditions around the world.

Employee engagement

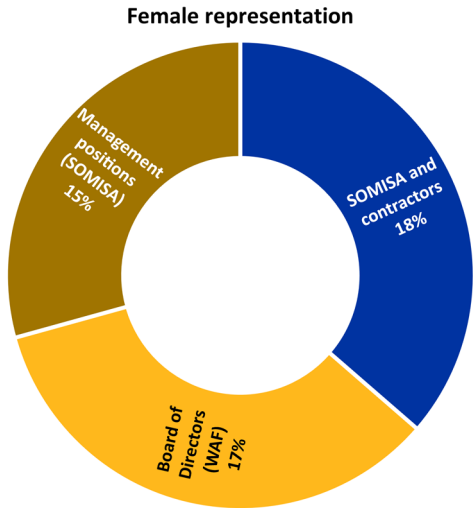
The Group's remuneration and employment policies are non-discriminatory and are based on experience and skill set. West African recognises its responsibility to seek local and national talent. Local employment at the Sanbrado project accounted for 45% of total staff while regional employment accounted for 49%. These figures are similar to 2019 but with a slight increase in regional employment in 2020. Employees are encouraged to share regular feedback with senior management and the rest of the Group. Sanbrado transitioned from exploration into construction in 2019, and 2020 marked the first year of operations.



Diversity

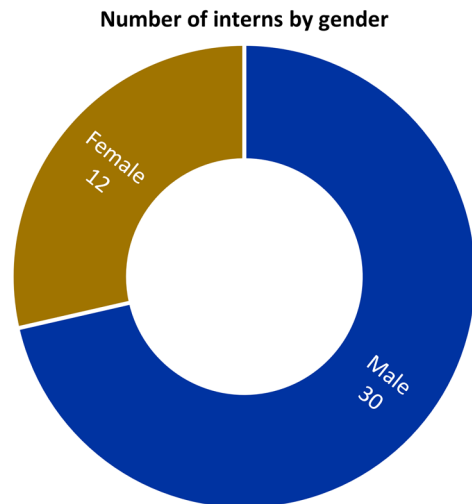
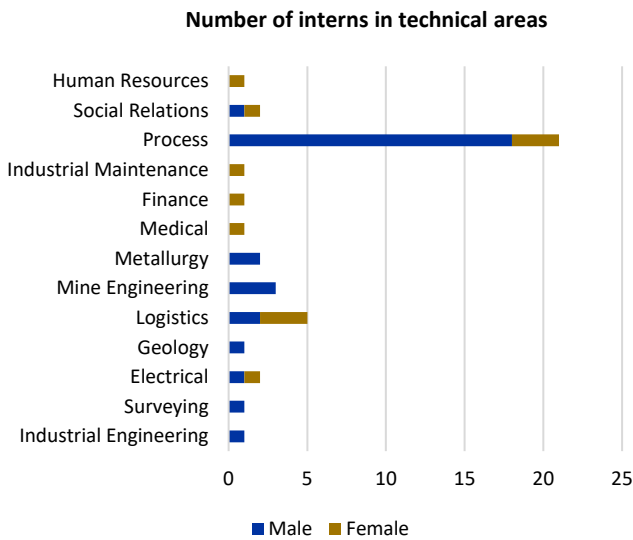
West African is committed to its Diversity Policy and to providing an inclusive workplace for all staff and contractors and this includes being an equal opportunity employer that embraces diversity. The Group recognises that the benefits of diversity are many, including creating a friendly and supportive work environment and improved communication and collaboration.

An overview of WAF’s diversity performance for the reporting period is presented below. For each indicator presented our performance has remained the same or improved from 2019.



In 2020 West African provided 42 internship positions in a range of technical areas to national personnel. Twelve of these positions were held by females.

The majority of interns (31) were from the local communities and 16 of them went on to be employed by Sanbrado following the completion of their internships.



OUR COMMUNITY

WAF is committed to having a positive impact on its communities. This is driven by the Code of Conduct and Community Relations policy.

Stakeholder engagement

From its early exploration days to current Sanbrado operations diversity in our communities has dictated how we engage with our stakeholders. Updated stakeholder mapping in 2020 provided an insight into changes to the Group's stakeholders and what that means to the way we communicate with them.

The Group shares information through its website, press releases, annual reports and subject-specific reports. In Burkina Faso, the Stakeholder Engagement Plans ("SEPs") set out how the Group engages with the community, civil society and government stakeholders. The SEPs are living documents. Through the pandemic the management team responded in keeping with national health advice and that of the World Health Organisation. When restrictions on gatherings were in effect public gatherings such as townhall meetings and visits from Community Relations Officers were temporarily replaced with regular telephone calls and an increase in the number of community notice board news bulletins.

When restrictions for gatherings were lifted WAF resumed face-to-face community engagement activities, including the CCCPAS meetings. The CCCPAS is the Communal Consultative Framework of the Sanbrado Gold Project (Cadre Consultatif Communal du Projet Aurifere de Sanbrado), established to oversee engagement between Sanbrado operations and its stakeholders. The committee meets regularly to discuss progress with resettlement and community development activities and information management. The committee has representatives from local and regional government departments, male and female representatives of Sanbrado's communities and mine management staff.

A grievance redress mechanism is utilised to receive community feedback and complaints. Grievances can be submitted by different means to ensure the process is accessible to all and is considerate of literacy, gender and cultural practices. The mechanism has proven to work well.

Economic contribution

WAF recognises its role in local and national economic development. In 2020, the Group contributed more than A\$21 million in royalties and taxes to the Burkina Faso economy. Of this, more than A\$3.4 million was contributed to the Local Development Fund. Local employment and procurement policies also played an important role in ensuring WAF contributed to the local economy.

Other contributions included construction of 14 new water wells including arsenic filtration units to ensure the wells produce potable water, and one livestock vaccination park.

Social programs and understanding our neighbourhood

In 2020 WAF aimed at strengthening its social management programs and planning for an updated socio-economic baseline survey for the first quarter of 2021. One of the key plans finalised in 2020 was the Social Monitoring and Evaluation Plan (SMEP) designed to track and report implementation of WAF's social management programming. The SMEP integrates management of specific areas such as community development, livelihood restoration, influx management, local employment and procurement, among others. In keeping with industry good practice, the socio-economic baseline data update is planned to take place approximately every 3 years to provide an understanding into how our "neighbourhood" is evolving and to keep informed of the positive and negative impacts of the Group's operations and how it can improve its support to local development.



Health and education

Health and Education are key pillars of WAF's community development and for its own staff. In addition to building a new community health centre in the village of Pousghin, WAF launched an education campaign on communicable diseases and family planning. The campaign saw almost 100,000 participants with a near even split of males to females (51% and 49%, respectively).

In response to the pandemic, the Group donated personal protective equipment to administrative authorities and impacted local communities including face masks, hand sanitiser, soap and hand washing stations. Medications and medical consumables were also provided to national and local health centres, and health associations working to support HIV/AIDS programs.

For youth specifically, WAF has supported training of 20 young people from the Commune of Boudry in trades including electrical, construction, welding and metal construction, mechanical, and masonry. Other support programs focused on providing driving lessons to 25 youth. The Group also continued with donations of school supplies and equipment.



Livelihood Restoration and Relocation

The Sanbrado Mine was designed to minimise physical displacement without compromising the safe and efficient operation of the mine. This meant that some residents needed to be relocated to a safe distance from the mine's operations. Extensive consultation and negotiation were undertaken with affected landowners who lost access to their land. Support from the local authorities was also sought in order to determine compensation and entitlement agreements. As of September 2020, construction was completed on 290 new homes, and 127 latrines, shower and cooking facilities for project affected people. Land titles have also been acquired for physically displaced persons and 100% of first year compensation payments have been made and 90% of second year payments.



An intensive livelihood restoration program was also kicked off which focused on enhancing the local agricultural sector and helping families affected by Sanbrado. Various projects were undertaken including distribution of 75 tonnes of agricultural inputs to 310 recipients, preparation of more than 300 hectares of fields for cultivation and education programs centred on improving crop yields of maize, cowpea, millet, and sesame seed. A pilot irrigation project was commenced with input from the communities.

Other livelihood restoration activities included alternative livelihood training for artisanal miners, personal finance training for affected families, weaving, fabric dying workshops and provision of microcredit facilities to women in the local communities.

ENVIRONMENT

Environmental Management Systems

A major Company milestone in 2020 included the development of a comprehensive Environmental and Social Management System (ESMS) following ISO 14001 & ISO 45001 guidelines. Each department received training on how to implement the ESMS, and on the development and use of performance measurement tools. Underpinning the system are departmental risk registers and associated action plans which help ensure that each risk has been characterised and an approach, timeline and a point of responsibility assigned. Our internal and external progress reports have been adjusted to allow for close tracking of our progress in completing the action plans, undertaking audits and identifying where additional resources may be required to continue the positive momentum this process has started. The Group had no major environmental incidents in 2020.

Where possible West African looks for ways of improving water management. In 2020, Sanbrado reused approximately 583,583 kilolitres of water in its operation. Here are some of the main ways this was accomplished:

Water source	Re-used for	Re-usage (kilolitres)
Grey water	Re-used for watering vegetable gardens, plants and lawns in camp, and for general gardening	2,433
Water from tailings storage facility (TSF)	Re-used for process plant operation	581,100
Water from machinery wash bays	Re-used for dust suppression	50

Monitoring and Emergency Readiness

Emergency response readiness and competency were assessed in the last quarter of 2020 and demonstrated to be reflective of our operating needs. WAF continuously monitors environmental parameters such as air quality and water quality in and surrounding its areas of operations to make sure the Group's activities are compliant with national regulatory requirements for pollution management and follow international guidelines such as the World Bank Environmental, Health and Safety Guidelines (2007) and specific guidelines developed by the World Health Organisation.

Climate Change

Like other mining operations, Sanbrado uses large amounts of fuel and energy to power the operation. Recognising this, WAF completed an initial inventory of its scope-1 greenhouse gas emissions (GHG) as part of an environmental review prior to Sanbrado commencing operations. The key sources of projected emissions from Sanbrado were power generation and vehicle exhaust. The projected total CO₂ emissions for Sanbrado during operations was approximately 45,864 tpa, of which the power station accounted for 81%. As part of its approach for climate change mitigation WAF will be undertaking an updated GHG emissions inventory in 2021 to characterise actual emissions from Sanbrado. Results from the inventory will shape WAF's efforts in mitigating its emissions.

During 2021 WAF will also complete a study investigating the potential addition of solar power to the energy matrix used to generate power on site with the aim of reducing carbon emissions and reliance on fossil fuels.

In addition to understanding its contributions to climate change, WAF celebrated National Tree Day with the local communities by launching a reforestation campaign consisting of planting more than 3,300 trees of local ecological, nutritional and economic value. WAF recognises the value of trees as carbon sinks and their economic value to the local communities.

Mine rehabilitation

Progressive rehabilitation was another area of focus during the reporting period. An updated Mine Reclamation and Closure Plan and a Reclamation and Revegetation Management Plan were developed. Early seed trials have commenced. The Sanbrado Mine is designed in such a way that allows the Group to undertake progressive rehabilitation from the start of our operations and continue as the project evolves. Following industry good practice and updated guidelines such as the ICMM Integrated Mine Closure: Good Practice Guide (2019), WAF understands its responsibility to plan for closure early on and to leave a positive legacy. In the coming year WAF will shift its focus to furthering its knowledge in the natural resources surrounding the Sanbrado operation. Although the existing habitat was highly degraded from decades of over grazing and clearing, with the help of subject matter experts and traditional local knowledge, the team will conduct further biodiversity studies to find opportunities for improving biodiversity values where it can. Progressive rehabilitation projects of impacted areas, revegetation and building a vegetation propagation nursery and local seed bank will form part of WAF's ongoing environmental management programs.

FINANCIAL REVIEW

COST PER OUNCE PERFORMANCE

The 'Adjusted operating cost', 'all-in sustaining cost' (AISC), and 'all-in cost' are per-ounce cost performance metrics recommended by the World Gold Council for use in the gold mining industry, but they are not defined by Australian Accounting Standards Board rules (i.e. they are non-AASB measures). WAF follows the World Gold Council's guidelines in the calculation of these metrics.

The below table presents these non-AASB per ounce performance metrics for the Group including the underlying costs from which they are calculated. As 2020 is the first year of operation for Sanbrado, prior year comparatives are not available.

Underlying measure	Unit	Year 2020
Gold sold	oz	118,093
Gold revenue	A\$ '000	309,856
OP mining cost	A\$ '000	55,517
UG mining cost	A\$ '000	12,213
Processing cost	A\$ '000	32,668
Site administration cost	A\$ '000	20,490
Change in inventory	A\$ '000	(15,350)
Royalties & production taxes	A\$ '000	20,483
Refining and by-product	A\$ '000	430
Adjusted operating cost	A\$ '000	126,451
Rehabilitation	A\$ '000	667
Capital development	A\$ '000	25,582
Sustaining capital	A\$ '000	11,527
Sustaining leases	A\$ '000	2,949
Corporate & share-based payments	A\$ '000	7,422
All-in sustaining cost	A\$ '000	174,597
Exploration non-sustaining	A\$ '000	17,791
All-in cost	A\$ '000	192,387
Performance metrics per gold ounce sold		
Adjusted operating cost	A\$/oz	1,071
All-in sustaining cost	A\$/oz	1,478
All-in cost	A\$/oz	1,629
Average sales price	A\$/oz	2,624
Average FX rate used for USD unit costs	AUD/USD	0.6907
Adjusted operating cost	US\$/oz	740
All-in sustaining cost (AISC)	US\$/oz	1,021
All-in cost	US\$/oz	1,125
Average sales price	US\$/oz	1,812

WAF's AISC and all-in cost of US\$1,021 and US\$1,125 per ounce, respectively, compare favourably to the average gold sales price per ounce of US\$1,812 for 2020.

RECONCILIATION OF NON-AASB MEASURES TO FINANCIAL STATEMENTS

A reconciliation of 'Adjusted Operating Cost per ounce and AISC per ounce is presented below:

Description	Financial Statement reference*	2020 \$'000
Cost of sales	P/L	145,148
(Less)/plus items:		
Depreciation	Note 4	(23,985)
Non-cash inventory movements	Note 4	5,746
By-product credits	N/A	(458)
Adjusted operating costs		126,451
plus items:		
Reclamation & remediation (accretion & amortisation)	N/A	667
Corporate and technical services	P/L	5,079
Share-based payments	P/L	2,343
Capital development	Note 10	25,582
Sustaining capital	Note 10	11,527
Sustaining leases	CF	2,949
Total All-in sustaining cost (AISC)		174,597
Gold sold (ounces)		118,093
Adjusted operating cost per ounce (\$A/oz)		740
AISC per ounce (A\$/oz)		1,478

* The financial Statement references in above table are abbreviated as follows:

P/L = Consolidated Statement of Profit or Loss and Other Comprehensive Income

CF = Consolidated Statement Of Cash Flows

N/A= a direct cross reference to the Financial Statements is not available

GROUP FINANCIAL RESULTS

All amounts are in Australian dollars, unless otherwise stated.

Net profit after tax of \$98,900,000 for the year compares favourably to the \$4,334,000 net loss of the comparative year reflecting that Sanbrado commenced commercial production on 1 May 2020. Finance expenses of \$26,139,000 were recorded in the year versus nil in the comparative period due to the accounting treatment to capitalise the Sanbrado project financing costs to mines under construction during whole of the prior year while Sanbrado was in the construction phase and to commence expensing them from the start of commercial production. Corporate and technical services cost of \$5,079,000 in the year were higher than the \$3,994,000 of the comparative year mainly due to higher salaries expenses.

The \$194,755,000 increase in total assets during the year was partly offset by the \$96,721,000 increase in total liabilities resulting in a \$98,034,000 increase in net assets over the period. The increase in total assets mainly reflects the construction and operation of Sanbrado with a \$86,886,000 increase in property, plant and equipment ("PPE"), a \$15,255,000 increase in exploration and evaluation ("E&E") assets, a \$33,983,000 increase working capital (cash, plus trade and other receivables, plus inventories less trade and other payables less deferred revenue), and a \$8,753,000 decrease in loans and borrowings, partially offset by a \$42,468,000 increase in tax liabilities (current plus deferred tax liabilities). The PPE increase reflects construction of Sanbrado in the year. The increase in E&E assets mainly reflects acquisition costs for the Toega gold deposit. The working capital increase reflects the commencement of commercial gold production at Sanbrado in the year and the build-up of \$19,275,000 of value-added tax receivables due from the Burkina Faso government. The decrease in loans and borrowings reflects US\$25 million of drawings of the Taurus syndicated debt facility fully offset by US\$25 million of facility repayments with the decrease being due to foreign exchange gains recorded on the USD loan balance. The increase in tax liabilities reflects the Group's profit result for the year.

RESOURCES AND RESERVES STATEMENT

SANBRADO MINERAL RESOURCES

The following two tables provide a year-on-year Mineral Resources comparison for Sanbrado, showing a 64.5% increase in Total Resources to 5.1 million ounces of gold.

Sanbrado 31 December 2020 Resources													
Deposit	Cutoff g/t	Measured Resource			Indicated Resource			Inferred Resource			Total Resource*		
		Tonnes	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz
M1 South	0.5	260,000	2.7	23,000	510,000	6.3	100,000	10,000	3.5	1,000	780,000	5.1	130,000
M1 South UG	1.5	410,000	15.1	200,000	1,200,000	14.1	540,000	140,000	4.4	20,000	1,700,000	13.6	760,000
M1 South Deeps	1.5	-	-	-	-	-	-	2,100,000	12.4	820,000	2,100,000	12.4	820,000
M5	0.5	110,000	1.8	6,000	35,000,000	1.2	1,400,000	17,000,000	1.1	580,000	52,000,000	1.2	2,000,000
M1 North	0.5	140,000	1.6	7,000	640,000	2.1	42,000	400,000	2.0	26,000	1,200,000	2.0	75,000
M3	0.5	-	-	-	170,000	2.0	11,000	190,000	1.5	9,000	360,000	1.7	20,000
Stockpile		1,000,000	1.2	38,000	-	-	-	-	-	-	1,000,000	1.2	38,000
Toega	0.5	-	-	-	-	-	-	22,000,000	1.9	1,300,000	22,000,000	1.9	1,300,000
Total*		1,900,000	4.4	270,000	37,000,000	1.7	2,100,000	41,000,000	2.1	2,800,000	81,000,000	2.0	5,100,000

Sanbrado 31 December 2019 Resources													
Deposit	Cutoff g/t	Measured Resource			Indicated Resource			Inferred Resource			Total Resource*		
		Tonnes	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz
M1 South	0.5	-	-	-	850,000	6.4	178,000	50,000	5.2	5,000	900,000	6.3	183,000
M1 South UG	3	-	-	-	1,000,000	21.9	697,000	300,000	11.2	117,000	1,300,000	19.5	810,000
M5	0.5	-	-	-	36,650,000	1.2	1,470,000	14,600,000	1.1	520,000	51,000,000	1.2	2,000,000
M1 North	0.5	-	-	-	750,000	2.0	49,000	500,000	2.0	32,000	1,250,000	2.0	81,000
M3	0.5	-	-	-	150,000	2.0	11,000	200,000	1.5	9,000	350,000	1.8	20,000
Total*		-	-	-	39,400,000	1.9	2,405,000	15,650,000	1.3	683,000	55,000,000	1.7	3,100,000

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

SANBRADO ORE RESERVES

The below two tables provide a year-on-year Ore Reserves comparison for Sanbrado.

Sanbrado 31 December 2020				
Ore Reserve by Category				
Mining Category		Tonne Mt	Gold Grade g/t	Contained Gold koz*
Open Pit	Proved	1.4	1.5	68
	Provable	16.0	1.6	800
Underground	Proved	0.046	8.6	130
	Provable	1.6	9.2	480
Total Proved and Probable Ore Reserve*		20.0	2.3	1,500

Sanbrado 31 December 2019				
Ore Reserve by Category				
Mining Category		Tonne Mt	Gold Grade g/t	Contained Gold koz*
Open Pit	Proved	0.0	0.0	0
	Provable	19.5	1.6	1,004
Underground	Proved	0.0	0.0	0
	Provable	2.0	10.2	646
Total Proved and Probable Ore Reserve*		21.6	2.4	1,650

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

The changes to the Ore Reserve from December 2019 to December 2020 are comprised of:

- Depletion due to mining is 146,000 oz.
- Re-estimation of the M1 South Mineral Resources and changes to cut-off grade led to a decrease in open pit Ore Reserves of 46,000 oz.
- Redesign of the M5 final pit has increased Ore Reserves by 42,000 oz.

COMPETENT PERSONS STATEMENT

All information on the Sanbrado Gold Project Mineral Resources and Ore Reserves has been extracted from the ASX announcement related by West African on 9th March 2021 entitled "West African set for +1- years of +200,000oz average gold production". West African confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and that all material assumptions and technical parameters underpinning the estimates in the ASX announcement continue to apply and have not materially changed. West African confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original ASX announcement.

Information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Brian Wolfe (Mineral Resources with the exclusion of M1 South Deeps), Neil Silvio (M1 South Deeps Mineral Resources), Andrew Fox (M1 South underground Ore Reserves) and Stuart Cruickshanks (open pit Ore Reserves) who are Competent Persons. Mr Wolfe is an independent consultant and a Member of the Australian Institute of Geoscientists. Mr Silvio is a full-time employee of the company and a Member of the Australian Institute of Mining and Metallurgy. Mr Fox is an independent consultant and a Member of the Australian Institute of Mining and Metallurgy. Mr Cruickshanks is a full-time employee of the company and a Fellow of the Australian Institute of Mining and Metallurgy.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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

CURRENT DIRECTORS



RICHARD HYDE

BSc (Geology and Geophysics),
MAusIMM, MAIG

Executive Chairman and Chief Executive Officer

Richard Hyde is a geologist with 25 years' experience in the mining industry and more than 19 years of experience in West Africa. Richard has managed large exploration and development projects for gold and base metals in Australia, Africa and Eastern Europe. He led the Company from incorporation in 2006, IPO in 2010, and through the discovery, development, and operation of the Sanbrado Gold Project.

Mr Hyde is a founding shareholder and commenced as a Director in 2006.

Committee memberships:
Technical

Other ASX listed directorship:
Nil

Previous ASX listed directorship in the last 3 years: Nil



LYNDON HOPKINS

BSc (Geology), MAusIMM, MAIG

Executive Director and Chief Operating Officer

Lyndon Hopkins is a geologist with more than 30 years' experience in gold exploration, development and production in Australia and Africa. He was Chief Operating Officer of Equigold NL's Ivory Coast operations and managed the in-country aspects of the project development and feasibility study for the Bonikro Gold Mine. More recently, he was Mine Manager for the construction of Regis Resources Ltd's Rosemont Gold Mine. Mr Hopkins has been West African's Chief Operating Officer since 2015 and joined the Board on 6 September 2019.

Committee memberships:
Technical

Other ASX listed directorship:
Nil

Previous ASX listed directorship in the last 3 years: Nil



ROD LEONARD

BSc and MSc (Metallurgical Engineering),
MAusIMM, MSME

Lead Independent Director and Non-Executive Director

Rod Leonard is one of the founding Directors of Lycopodium (ASX: LYL) and served as an Executive Director of Lycopodium Limited from 2004 to 2019. He has more than 30 years' experience in the operation and project development of major projects in North and South America, Africa, Asia and Australia. He has been involved in many aspects of the mineral processing industry from process development, feasibility studies, and design assignments as well as commissioning of projects.

Mr Leonard joined the Board on 6 September 2019 and was appointed as Lead Independent Director on 2 February 2021.

Committee memberships:
Remuneration, Technical and Audit

Other ASX listed directorship:
Lycopodium Limited

Previous ASX listed directorship in the last 3 years: Nil



ELIZABETH (LIBBY) MOUNSEY

BBus (Human Resources and Industrial Relations), MAICD

Non-Executive Director

Libby Mounsey has over 30 years’ experience in human resources and industrial relations across the mining, construction, health, fisheries, and aviation industries. Over the last 15 years she has held senior positions with resource companies in various stages of development through feasibility, construction and operations. Libby holds a Bachelor of Business (Human Resources & Industrial Relations) from Edith Cowan University and is a Member of the Australian Institute of Company Directors.

Ms Mounsey joined the Board on 29 May 2020.

Committee memberships:
Remuneration (Chair)

Other ASX listed directorship:
Nil

Previous ASX listed directorship in the last 3 years: Nil



NIGEL SPICER

BSc (Mining), CEng, MAusIMM

Non-Executive Director

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

Mr Spicer joined the Board on 6 September 2019.

Committee memberships:
Audit, Technical (Chair)

Other ASX listed directorship:
Nil

Previous ASX listed directorship in the last 3 years: Nil



STEWART FINDLAY

BCom (Accounting and Finance), MAICD

Non-Executive Director

Stewart Findlay has over 25 years financial markets experience and has provided project finance (senior secured debt and corporate facilities), equity investments, commodity hedging arrangements and corporate advice to a large number of resource companies. He has held senior positions in the metals and mining divisions of Macquarie Bank and National Australia Bank. Stewart holds a Bachelor of Commerce (Accounting & Finance) from the University of New South Wales and is a Member of the Australian Institute of Company Directors.

Mr Leonard joined the Board on 6 September 2019.

Committee memberships: Audit (Chair), Remuneration

Other ASX listed directorship:
Nil

Previous ASX listed directorship in the last 3 years: Nil

PAST DIRECTORS WHO RETIRED DURING THE YEAR

MARK CONNELLY retired 29 May 2020

SIMON STORM retired 29 May 2020

COMPANY SECRETARY

PADRAIG O’DONOGHUE appointed as CFO on 4 June 2018 and as Company Secretary on 29 May 2020

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were development and operation of the Group's key asset, the Sanbrado Gold Project ("Sanbrado"), located in Burkina Faso; and mineral exploration in Burkina Faso.

West African Resources Limited owns a 90% beneficial interest in Société des Mines de Sanbrado SA ("SOMISA"), which owns 100% of Sanbrado. The government of Burkina Faso retains a 10% equity interest in SOMISA.

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Group completed construction and commenced commercial production at the Sanbrado gold project during the year.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

There has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

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 "Operating and Financial Review" and "Significant Events After Balance Sheet Date" sections of this Annual Report. Disclosure of any further information regarding likely developments in the operations of the Group in future years and the expected results of those operations is likely to result in unreasonable prejudice to the Company.

SHARE OPTIONS AND PERFORMANCE RIGHTS¹

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

Issue date	Exercise price	Expiry date	Number issued
Options			
29-Mar-18	\$0.4100	29-Mar-21	250,000
26-Sep-18	\$0.3100	26-Sep-21	500,000
28-Dec-18	\$0.3200	28-Dec-21	500,000
28-Dec-18	\$0.4300	28-Dec-22	1,223,828
20-Jan-20	\$0.6061	20-Jan-24	131,578
29-Apr-20	\$0.7346	29-Apr-24	250,000
11-Jun-20	\$0.6061	11-Jun-25	657,894
			3,513,300
Performance Rights			
20-Jan-20	\$0.0000	20-Jan-23	459,406
20-Jan-20	\$0.0000	20-Jan-25	131,578
11-Jun-20	\$0.0000	11-Jun-23	867,041
11-Jun-20	\$0.0000	11-Jun-25	657,894
8-Jul-20	\$0.0000	8-Jul-22	137,822
8-Jul-20	\$0.0000	8-Jul-23	249,827
22-Sep-20	\$0.0000	22-Sep-23	86,758
8-Dec-20	\$0.0000	8-Dec-24	3,295,000
17-Dec-20	\$0.0000	17-Dec-22	57,172
17-Dec-20	\$0.0000	17-Dec-24	2,500,000
22-Jan-21	\$0.0000	22-Jan-23	89,108
22-Jan-21	\$0.0000	22-Jan-24	82,942
			8,614,548
Total options and performance rights on issue			12,127,848

¹Performance rights are granted subject to various performance hurdles.

NON-AUDIT SERVICES

The Group may decide to employ the external auditor, HLB Mann Judd, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Fees that were paid or payable for non-audit services provided by the auditor of the parent entity during the year are outlined in Note 26 of the accompanying financial statements. The Directors are satisfied that the provision of non-audit services during the year by the auditor are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed in the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

DIRECTORS' MEETINGS

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

Director	Directors' Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Technical Committee Meetings	
	A	B	A	B	A	B	A	B
Richard Hyde	7	7	-	-	-	-	4	4
Lyndon Hopkins	7	7	-	-	-	-	4	4
Rod Leonard	7	7	2	2	2	2	4	4
Nigel Spicer	7	7	2	2	-	-	4	4
Stewart Findlay	5	5	1	1	2	2	-	-
Libby Mounsey	5	5	-	-	2	2	-	-
Mark Connelly	3	3	1	1	-	-	-	-
Simon Storm	3	3	1	1	-	-	-	-

A – the number of meetings held whilst a Director or a committee member

B – the number of meetings the Director or committee member attended

ROUNDING OF AMOUNTS

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

REMUNERATION REPORT (AUDITED)

The Directors of West African Resources Limited present the Remuneration Report for the Group for the year ended 31 December 2020. This Remuneration Report forms part of the Directors' Report and has been prepared in accordance with the Corporations Act 2001.

1 REMUNERATION REPORT OVERVIEW

This Remuneration Report details the remuneration arrangements for West African's Key Management Personnel ("KMP"), being:

- the Non-Executive Directors ("NEDs"); and
- the Executive Directors and the other senior executives with authority for planning, directing and controlling the major activities of the Group (together the "Executives").

The KMP during the year are set out below:

Name	Position	Appointed	Retired
Non-Executive Directors			
Nigel Spicer	Non-Executive Director	September 2019	-
Rod Leonard	Non-Executive Director	September 2019	-
Stewart Findlay	Non-Executive Director	May 2020	-
Libby Mounsey	Non-Executive Director	May 2020	-
Mark Connelly	Non-Executive Director	June 2015	May 2020
Simon Storm	Non-Executive Director & Company Secretary	November 2007	May 2020
Executive Directors			
Richard Hyde	Executive Chairman and Chief Executive Officer	September 2006	-
Lyndon Hopkins	Executive Director and Chief Operating Officer	September 2019	-
Senior Executives			
Padraig O'Donoghue	Chief Financial Officer and	June 2018	-
	Company Secretary	May 2020	-
Matthew Wilcox	Chief Development Officer	September 2018	-

2 GROUP PERFORMANCE AND ITS LINK TO SHAREHOLDER RETURNS

The following table provides the earnings per share, dividends per share, net profit (loss) and share price of West African Resources at 31 December 2020 compared to the 4 previous reporting periods.

Period ending	December 2020	December 2019	December 2018	June 2018	June 2017
Reporting period length	12 months	12 months	6 months	12 months	12 months
EPS (cents)	11.3	(0.5)	(0.5)	(4.3)	(3.0)
Dividends (cents per share)	Nil	Nil	Nil	Nil	Nil
Net profit / loss (\$'000)	98,900	(4,334)	(3,551)	(25,300)	(14,324)
Share price (\$)	1.050	0.430	0.250	0.380	0.355

3 REMUNERATION GOVERNANCE

A. REMUNERATION COMMITTEE RESPONSIBILITY

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

- Non-Executive Director (“NED”) remuneration;
- Executive remuneration, including the executive incentive scheme framework and associated policies, targets, and awards; and
- matters related to Executive and NED recruitment, retention, performance measurement and termination.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of NEDs and Executives by reference to relevant employment market conditions with the overall objective of maximising stakeholder benefit from the retention and incentivization of a high performing director and executive team. Further information on the duties and responsibilities of the Remuneration Committee is contained in the Remuneration Committee Charter which is available on the Company’s website.

B. USE OF REMUNERATION ADVISORS

In 2018 the Remuneration Committee engaged BDO Remuneration and Reward Pty Ltd (“BDO”) to review and provide recommendations on the design of Group’s overall executive remuneration and incentive framework and policies. BDO was consulted again by the Remuneration Committee in 2020 to advise on the overall executive incentive framework and a special remuneration initiative by the Company to address identified retention risks of Executives and other key senior employees related to mining industry employment market conditions, COVID-19-related travel restriction, and the transition of Sanbrado from construction phase to operations phase. BDO’s recommendations were provided to the Remuneration Committee as an input into decision making and were used to assist the Committee and the Board in setting out remuneration packages suitable for the Company. The Board considered BDO’s recommendations along with other factors in making its remuneration decisions.

Both BDO and the Board were satisfied the advice received from BDO was free from undue influence from the KMP to whom the recommendations applied. The amount paid to BDO for remuneration advice in 2020 was \$15,750 (2019: \$Nil), excluding GST.

C. 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.

D. REMUNERATION FRAMEWORK

After considering the 2018 executive remuneration recommendations from BDO, the following executive remuneration framework was recommended by the Remuneration Committee and adopted by the Board.

Type	Category	Definition of category	Purpose summary
Fixed remuneration	Total fixed remuneration	Pay which is linked to the present value and market rate of the role.	Pay for fulfilling the requirements of the role
At-risk remuneration	Short term incentive	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'.	Incentive for the achievement of annual objectives and sustained business value
At-risk remuneration	Long term incentive	Pay for creating value for shareholders. Reward pay is linked to shareholder returns. It reflects 'pay for results'.	Incentive for performance over the long term

An important governance and legal component of the remuneration framework is the Company's Incentive Option & Performance Rights Plan ("Plan"). All equity incentives issued to Executives and other employees, including options and Performance Rights, are issued by the Company under the terms and conditions of the Plan. The Plan was most recently approved by shareholders at the Company's Annual General Meeting on 30 November 2018. The purpose of the Plan is to:

- assist in the reward, retention and motivation of participants;
- link the reward of participants to performance and the creation of shareholder value;
- align the interests of participants more closely with the interests of shareholders; and
- provide greater incentive for participants to focus on the Company's longer-term goals.

E. FIXED REMUNERATION

Total fixed remuneration ("TFR") consists of the base salary, superannuation, and other non-monetary benefits such as employee leave. TFR is intended to compensate the Executives for:

- Competently and professionally fulfilling the scope of the Executive's roles and responsibilities; and
- the Executive's skills, experience, and qualifications.

F. AT-RISK REMUNERATION

In order to ensure that executive remuneration is aligned to Company performance, a portion of Executives' remuneration is placed "at risk". The STI and LTI categories comprise the at-risk component of Executive remuneration.

Short-term incentive ("STI"):

- The primary purpose of the STI is to incentivise Executives to achieve the annual STI performance targets set by the Board at the beginning of the year. The STI performance targets clearly set out the annual performance targets the Board requires from management and achievement of the targets is determined by the Board at the end of the year.
- The STI also enables the Executives to accumulate equity in the business which provides alignment with the shareholders for sustained strong business results.
- The STI also provides an employee-retention benefit to the Company from the STI equity incentive, which contains a vesting condition that requires a period of continuous service before the STI equity awards vest. This service condition is typically two years.

Long-term Incentive (“LTI”):

- The LTI is designed to incentivise Executives in the creation of long-term shareholder value as evidenced by market and non-market measures, by rewarding the Executives for the achievement of long-term performance targets set by the board at the beginning of the long-term performance period. The long-term targets are set out by the Board to provide clear and measurable direction as to what the Board and shareholders require from management by the end of the long-term performance period, which is typically a minimum of 3 years.
- The LTI also enables the Executives to accumulate equity in the business which provides alignment with the shareholders for sustained strong business results.
- The LTI also provides an employee-retention benefit to the Company from the LTI equity awards that contain a vesting condition that requires the Executive to remain in continuous service to the Company until the equity awards vest.

4 NON-EXECUTIVE DIRECTOR REMUNERATION

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

The Company’s constitution and the ASX listing rules specify that the NED fee pool limit shall be approved periodically by shareholders. The last determination at an AGM was an aggregate fee pool of \$900,000 per year to ensure the Company can continue to attract and retain a high-performing Board of Directors with the appropriate overall skillset and composition.

The Remuneration Committee considered advice from BDO regarding the remuneration paid to NEDs. This advice was largely based on a review against comparable companies. NED remuneration consists solely of their director fees. There is no scheme to provide retirement benefits to NEDs other than statutory superannuation. Aside from being offered the option of receiving 30% of their director fees in the form of Performance Rights, NEDs do not participate in any performance related incentive programs.

Whilst WAF has no minimum shareholding policy for NEDs, the Board is of the view that it is beneficial for NEDs to hold an equity interest because it is an alignment with the Company’s shareholders. The NED fee structure for 2020 was either one of the following, at the election of each individual NED.

- i) 100% of NED fees, being \$75,000 annually, paid in cash; or
- ii) 70% of the above NED fees paid in cash and 30% paid in Performance Rights (30% equity component).

The 30% equity component of the structure has been approved, in respect of each participating Director, at a General Meeting of Shareholders of the Company. All of the Company’s NEDs elected to participate in the 30% equity component respect of their 2020 NED fees.

During 2020, the NED fees covered all activities associated with the Directors’ role on the Board and no additional fees were paid to NEDs for being a chairperson or member of a committee.

NEDs are entitled to be paid, as the Board determines, for additional services provided to the Group outside of their Director responsibilities. They may also be reimbursed for out-of-pocket expenses they incur as a result of their directorships.

5 EXECUTIVE REMUNERATION

A. EXECUTIVE REMUNERATION STRUCTURE

The remuneration framework provides for total remuneration for each Executive to be split between the fixed and at-risk components in the following portions:

Executive	Fixed remuneration	At-risk remuneration (STI and LTI)
Executive Chairman & CEO	42%	58%
Chief Operating Officer	45%	55%
Other Executives	50%	50%

The 'at-risk' apportionment for each Executive is comprised as follows, which shows a significant weighting towards the long-term (LTI) component, which in the Board's view provides a balance of Executive incentivization that aligns with shareholders for both short-term results and long-term sustainable returns.

Executive	STI cash incentive	STI equity incentive	LTI equity incentive
Executive Chairman & CEO	14%	25%	61%
Chief Operating Officer	17%	25%	58%
Other Executives	20%	40%	40%

The proportions in the above tables are used as a guide by the Remuneration Committee to recommend to the Board the maximum of each component of at-risk remuneration that can be earned by the Executives each year. The equity incentives are awarded by the Board early in the year, with the number awarded calculated based on the 7-day VWAP of WAF shares at the beginning of the incentive performance period. The number of equity incentives that will ultimately vest and be available to be exercised by the Executives is determined by the Board based on the assessment and achievement of the vesting conditions set out when the equity incentives were awarded. The vesting conditions of the equity awards represent both market and non-market performance targets that the Board needs management to achieve in order to earn that portion of their at-risk remuneration.

The equity incentives also provide an employee-retention benefit to the Company, in addition to the performance target incentives. For example, the STI equity incentives include a 2-year continuous service vesting condition and the LTI equity incentives include a condition that the incentive will lapse if the Executive's employment terminates before the board determines that the performance hurdle vesting conditions have been satisfied.

B. EXECUTIVE SERVICE AGREEMENTS

Commensurate with construction of the Sanbrado Gold Project and its transition to commercial production, the Remuneration Committee undertook a review of the Executives' Service Agreements ("ESAs") and TFRs. The review included external independent legal advice on the ESAs and comparisons of TFRs to similar peer companies. As 2020 was the first year of mining operations for WAF, the comparative peer group changed from being other exploration and development companies to WAF's new mining-company peers. The review resulted in the Company entering into new ESAs with each of the Executives that included adjustments to their TFRs. The TRF changes took effect from 1 May 2020, being the date that Sanbrado commenced commercial production. The other provisions of the new ESAs took effect from 1 March 2020 for Richard Hyde and 1 April 2020 for the other Executives. Key changes to the Executives ESAs are shown in the following table.

Executive	Salary change [^]	Contract term change	Company notice-period change	Employee notice-period change	Termination benefit change [*]
Richard Hyde	Increased from \$400,000 to \$585,000	Changed from 3-year term to ongoing (until terminated by either party)	Changed from 1-month's notice to 6-months	No change from 3-months' notice	Change from termination payment of 6-months' salary to nil
Lyndon Hopkins	Increased from \$300,000 to \$450,000	No change from ongoing (until terminated by either party)	Changed from 2-month's notice to 6-months	Changed from 2-months' notice to 3-months	No change from nil termination benefit
Padraig O'Donoghue	Increased from \$275,000 to \$350,000	Same as above	Same as above	Same as above	Same as above
Matthew Wilcox	Increased from \$300,000 to \$375,000	Same as above	Same as above	Same as above	Same as above

[^] Amount shown includes annual salary plus superannuation.

^{*} Termination benefits shown assume that termination was not due to a change of control of the Company. Shareholder approval was obtained at the 31 May Annual General Meeting for purposes of sections 200B and 200E of the Corporations Act in relation to termination benefits each individual Executive may become entitled to if their employment under the ESA is terminated.

C. AT-RISK REMUNERATION

At the beginning of 2020 the Board set out STI and LTI performance targets for Executives to earn their at-risk remuneration.

The following table summarises the Executive's 2020 STI targets and their level of achievement as determined by the Board at the end of the year. These targets were the same for all of the Executives and the same targets applied to both the cash incentive portion of the STI and the equity incentive portion (as set out in section 4A of this report).

STI Target	Weighting	Level of achievement
Sanbrado reaches commercial production in 2020	Gateway hurdle which determines if any STI will be paid for 2020	Gateway achieved
Sanbrado construction completed within board-approved budget and schedule	30%	100%
A minimum of 150,000 oz's of gold is poured in 2020	30%	89%
There is no default of the project loan facility agreement	20%	100%
There are no significant social or environmental incidents	10%	100%
The Sanbrado TIFR is less than the industry standard for Western Australia	10%	100%
Weighted average level of achievement		96.7%

For 2020 the Executives earned 96.7% of the cash portion of their 2020 STI. The 2020 STI equity incentive portion was comprised of Performance Rights with an expiry period of 3 years and an additional vesting condition that the Executive must remain an employee of the Company for two years from the date the Performance Rights were issued. Subject to Executives satisfying this 2-year service period, the Board has determined that 96.7 % of their 2020 STI Performance Rights will vest.

The following table sets out the vesting conditions of the 2020 LTI equity instruments issued to Executives at the beginning of 2020 along with their vesting status.

LTI equity instrument	Vesting conditions	Vesting status
Performance Rights with a 5-year expiry period	At least 500,000 ounces of gold is poured within three years of the date the Performance Rights were issued (being 20 January 2023).	Unvested
Options with 4-year expiry period and an exercise price of 145% of the share price on 31 December 2019 (being \$0.616)	Recipient is an employee of the Company when the market price first equals the exercise price	Vested

The 2020 STI and LTI equity awards issued to the Executive Directors were approved by shareholders at the Company's 29 May 2020 Annual General Meeting and additional details of these awards are contained in the notice of meeting.

D. SPECIAL ISSUE OF RETENTION AND SHARE-PRICE GROWTH PERFORMANCE RIGHTS IN 2020

The Board considered that the Group had assembled a skilled and experienced Executive and senior operational management team that had taken the Company and Sanbrado from construction to successful operations during 2020 during a global pandemic and in a challenging African jurisdiction. However, during 2020 the Remuneration Committee identified employee-retention risks related to:

- Increasingly competitive mining industry employment market conditions,
- COVID-19-related travel restriction, and
- the transition of Sanbrado from construction to operations phase.

It also identified the risk that it would be difficult to replace the current Executives and senior operational management team in the current labour market.

In response to the above risks and to align the Executives and other senior employees with shareholders to continue strong share price growth the Board approved a special grant of Performance Rights which was in addition to the Company's normal annual incentive scheme. In December 2020, the Company undertook a special issue of Performance Rights to the Executives and other key senior employees that was outside the Company's normal remuneration framework explained in section 2 of this Remuneration Report. The Performance Rights were issued pursuant to the Plan in two categories with the following key terms and conditions.

Category	Retention (50%)	Share price growth (50%)
Vesting conditions	The recipient holds continuous office as a Director of the Company or an employee of the Group for three consecutive years from the date of issue.	WAF shares trade at \$2.00 or higher for a 20-day VWAP period within 3 years of issue, and the recipient remains an employee of the Group or Director of the Company.
Expiry dates	4 years from date of issue.	4 years from date of issue.

The Retention and Share-price growth Performance Rights issued to the Executive Directors were approved by shareholders at the Company's 17 December 2020 General Meeting and additional details of these awards are contained in the notice of meeting.

6 KMP REMUNERATION OUTCOMES

The remuneration disclosures of the KMP for the year ended 31 December 2020 in accordance with Australian Accounting Standards are detailed in the following table.

		Fixed remuneration				Variable remuneration				Performance based % of remuneration	
		Cash salary and fees \$	Super \$	Annual and Long Service Leave \$	Total \$	Cash bonus \$	Options \$	Performance Rights \$	Total \$	Fixed remuneration %	Remuneration linked to performance %
Executive Directors											
Richard	31 Dec 20	489,814	40,199	40,527	570,540	-	282,750	374,866	657,616	46%	54%
Hyde	31 Dec 19	400,000	-	-	400,000	-	122,881	158,147	281,028	59%	41%
Lyndon	31 Dec 20	372,842	31,491	46,327	450,660	-	159,998	247,206	407,204	53%	47%
Hopkins	31 Dec 19	273,973	26,027	52,588	352,588	-	39,979	97,188	137,167	72%	28%
Non-Executive Directors											
Rod	31 Dec 20	45,993	6,507	-	52,500	-	-	32,526	32,526	62%	38%
Leonard	31 Dec 19	20,358	1,934	-	22,292	-	-	-	-	100%	0%
Nigel	31 Dec 20	52,500	-	-	52,500	-	-	32,526	32,526	62%	38%
Spicer	31 Dec 19	60,292	-	-	60,292	-	-	-	-	100%	0%
Stewart	31 Dec 20	31,049	-	-	31,049	-	-	1,118	1,118	97%	3%
Findlay	31 Dec 19	-	-	-	-	-	-	-	-	-	-
Libby	31 Dec 20	73,311	3,814	-	77,125	-	-	1,118	1,118	99%	1%
Mounsey*	31 Dec 19	-	-	-	-	-	-	-	-	-	-
Mark	31 Dec 20	21,593	-	-	21,593	-	72,528	9,254	81,782	21%	79%
Connelly	31 Dec 19	100,000	-	-	100,000	-	175,068	-	175,068	36%	64%
Simon	31 Dec 20	25,340	-	-	25,340	-	20,837	9,254	30,091	46%	54%
Storm	31 Dec 19	80,850	-	-	80,850	-	55,951	-	55,951	59%	41%
Ian	31 Dec 20	-	-	-	-	-	-	-	-	0%	0%
Kerr	31 Dec 19	70,445	6,507	-	76,952	-	58,940	-	58,940	57%	43%
Executives											
Padraig	31 Dec 20	299,276	28,431	31,742	359,449	-	161,113	85,598	246,711	59%	41%
O'Donoghue	31 Dec 19	251,142	23,858	32,132	307,132	-	48,540	29,131	77,672	80%	20%
Matthew	31 Dec 20	366,692	34,836	33,735	435,263	51,778	58,970	173,647	284,395	60%	40%
Wilcox	31 Dec 19	273,973	26,027	24,631	324,631	-	86,938	-	86,938	79%	21%
Total	31 Dec 20	1,778,410	145,278	152,331	2,076,019	51,778	756,196	967,113	1,775,087	54%	46%
	31 Dec 19	1,531,033	84,353	109,351	1,724,737	-	588,297	284,466	872,764	66%	34%

*Cash salary and fees includes \$46,076 paid to Just HR Pty Ltd, for whom Ms Mounsey is a director and shareholder, for HR consulting services on normal commercial terms whilst she was a Director of the Company

7 DETAILS OF SHARE-BASED COMPENSATION

Options held by Key Management Personnel

	Balance 1 Jan 2020	Granted as remuneration	Number exercised	Net change other	Balance 31 Dec 2020	At 31 December 2020		
						Total	Vested	Unvested
Directors								
Richard Hyde	2,588,235	406,698	(2,000,000)	-	994,933	994,933	994,933	-
Lyndon Hopkins	855,932	251,196	(500,000)	-	607,128	607,128	607,128	-
Simon Storm [#]	750,000	-	-	-	750,000	750,000	750,000	-
Mark Connelly [#]	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
Executives								
Padraig O'Donoghue	779,661	131,578	-	-	911,239	911,239	911,239	-
Matthew Wilcox	1,000,000	78,419	-	-	1,078,419	1,000,000	1,000,000	78,419
Total	7,973,828	867,891	(2,500,000)	-	6,341,719	6,341,719	6,263,300	78,419

[#] For retired Directors the amounts are reported for the period they were a Director.

Performance Rights held by Key Management Personnel

	Balance 1 Jan 2020	Granted as remuneration	Number exercised	Net change other	Balance 31 Dec 2020	At 31 December 2020		
						Total	Vested	Unvested
Directors								
Richard Hyde	1,072,664	2,433,013	-	(11,033) [^]	3,494,644	3,494,644	1,072,664	2,421,980
Lyndon Hopkins	661,017	1,610,047	-	(7,092) [^]	2,263,972	2,263,972	661,017	1,602,955
Rod Leonard	-	68,911	-	-	68,911	68,911	-	68,911
Nigel Spicer	-	68,911	-	-	68,911	68,911	-	68,911
Stewart Findlay	-	28,586	-	-	28,586	28,586	-	28,586
Libby Mounsey	-	28,586	-	23,923 [*]	52,509	52,509	-	52,509
Simon Storm [#]	77,855	22,139	-	-	99,994	99,994	99,994	-
Mark Connelly [#]	103,806	22,139	-	-	125,945	125,945	125,945	-
Executives								
Padraig O'Donoghue	233,051	1,210,524	-	(8,668) [^]	1,434,907	1,434,907	233,051	1,201,856
Matthew Wilcox	-	1,489,865	-	(6,027) [^]	1,562,257	1,562,257	78,419	1,405,419
Total	2,148,393	6,982,721	-	(8,897)	9,122,217	9,122,217	2,271,090	6,851,127

^{*} Performance Rights held by Ms Mounsey prior to her appointment as a Director.

[^] Performance Rights that lapsed during the year.

[#] For retired Directors the amounts are reported for the period they were a director of the Company.

Options granted during the year as remuneration to KMP

Grant date	Type	Number granted	Value each	Total value
20-Jan-20	LTI	131,578	\$0.151	\$19,908
29-May-20	LTI	657,894	\$0.512	\$336,842
02-Jul-20	LTI	78,419	\$0.506	\$39,672
Total		867,891		\$396,422

Performance Rights granted during the year as remuneration to KMP

Grant date	Type	Number granted	Value each	Total value	
09-Jan-20	Other A	938,992	\$0.435	\$408,462	Other A = in lieu of STI cash incentive
29-May-20	Other B	44,278	\$0.418	\$18,508	Other B = in lieu of 30% of Directors fees
29-May-20	STI	885,166	\$0.840	\$743,539	
29-May-20	LTI	657,894	\$0.840	\$552,631	
29-May-20	Other B	137,822	\$0.885	\$121,972	
02-Jul-20	STI	182,978	\$0.885	\$161,936	
02-Jul-20	LTI	78,419	\$0.885	\$69,401	
17-Dec-20	Other B	57,172	\$1.020	\$58,315	
08-Dec-20	Other C	750,000	\$0.905	\$678,750	Other C = Retention and Share-price growth Performance Rights
08-Dec-20	Other C	750,000	\$0.230	\$172,500	
17-Dec-20	Other C	1,250,000	\$1.020	\$1,275,000	
17-Dec-20	Other C	1,250,000	\$0.230	\$287,500	
Total		6,982,721		\$4,548,514	

Options and Performance Rights exercised during the year by KMP

Exercise date	Number	Value each on exercise date
16-Oct-20	500,000	\$1.101
09-Nov-20	2,500,000	\$1.040
Total	2,500,000	

Options and Performance Rights forfeited / lapsed during the year by KMP

Lapse date	Number	Financial year in which options were granted
31-Dec-20	32,820	2020
Total	32,820	

Share holdings of Key Management Personnel

	Balance 1 Jan 2020	Issued as remuneration	Issued on exercise of options	Net change other	Balance 31 Dec 2020
Directors					
Richard Hyde	18,280,769	-	2,000,000	(2,000,000)	18,280,769
Lyndon Hopkins	3,032,250	-	500,000	-	3,532,250
Nigel Spicer	-	-	-	-	-
Rod Leonard	-	-	-	-	-
Stewart Findlay	-	-	-	-	-
Libby Mounsey	-	-	-	16,000	16,000
Simon Storm	2,590,769	-	849,994	(1,450,000)	1,990,763
Mark Connelly	60,000	-	2,125,945	(2,185,945)	-
Executives					
Padraig O'Donoghue	112,995	-	-	-	112,995
Matthew Wilcox	981,395	-	-	(400,000)	581,395
Total	25,058,178	-	5,475,939	(5,619,945)	24,514,172

8 LOAN TO KMP

A loan was provided to Richard Hyde in a prior year to exercise 2,000,000 options at 14.5 cents. The loan carried interest at 5.5% per annum with a maturity date of 30 June 2021. Mr Hyde fully repaid the loan during the year and the balance outstanding at year end was nil (2019: \$319,673).

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 76 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



RICHARD HYDE
Executive Chairman & CEO
Perth, 26 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
Revenue from continuing operations	3	311,167	1,239
Cost of sales	4(a)	(145,148)	(179)
Exploration and evaluation expenses		(2,517)	(2,236)
Corporate and technical services		(5,079)	(3,994)
Share-based payments		(2,343)	(533)
Other expenses	4(b)	(2,769)	-
Finance expenses		(26,139)	(5)
Forex realised loss		(806)	(986)
Forex unrealised gain		15,002	2,362
Profit (Loss) before tax		141,368	(4,334)
Income tax expense	5	(42,468)	-
Profit (Loss) after tax		98,900	(4,334)
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(5,553)	(1,213)
Other comprehensive loss, net of income tax		(5,553)	(1,213)
Total comprehensive profit (loss) for the year		93,347	(5,547)
Profit (loss) attributable to:			
Owners of the parent		89,362	(4,275)
Non-controlling interest	24	9,538	(59)
		98,900	(4,334)
Total comprehensive profit (loss) attributable to:			
Owners of the parent		83,809	(5,488)
Non-controlling interest	24	9,538	(59)
		93,347	(5,547)
Basic profit (loss) per share (cents per share)	6	11.3	(0.5)
Diluted profit (loss) per share (cents per share)	6	11.2	(0.5)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
CURRENT ASSETS			
Cash and cash equivalents	7	95,027	83,584
Trade and other receivables	8	22,635	1,501
Inventories	9	51,950	-
Financial assets		39	38
Total current assets		169,651	85,123
NON-CURRENT ASSETS			
Property, plant and equipment	10	329,587	242,701
Right-of-use assets	11	16,220	8,135
Exploration and evaluation assets	13	15,255	-
Total non-current assets		361,062	250,836
TOTAL ASSETS		530,713	335,959
CURRENT LIABILITIES			
Trade and other payables	14	40,479	13,890
Deferred revenue		23,957	-
Loans and borrowings	15	132,664	22
Lease liabilities	16	4,581	1,866
Current tax payable		20,819	-
Total current liabilities		222,500	15,778
NON-CURRENT LIABILITIES			
Loans and borrowings	15	93,669	235,063
Lease liabilities	16	11,225	6,609
Provisions	17	9,406	4,278
Deferred tax liabilities	18	21,648	-
Total non-current liabilities		135,948	245,950
TOTAL LIABILITIES		358,448	261,728
NET ASSETS		172,265	74,231
EQUITY			
Issued capital	19	165,263	162,919
Reserves	20	3,851	7,373
Accumulated losses		(3,885)	(93,940)
Equity attributable to owners of the parent		165,229	76,352
Non-controlling interest		7,036	(2,121)
TOTAL EQUITY		172,265	74,231

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	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 January 2019	161,947	(89,640)	670	6,874	(2,088)	77,763
Loss after tax	-	(4,275)	-	-	(59)	(4,334)
Other comprehensive income for the period	-	-	(1,213)	-	-	(1,213)
Total comprehensive profit (loss) for the period	-	(4,275)	(1,213)	-	(59)	(5,547)
Shares issued during the year net of transaction costs	972	-	-	-	-	972
Transfer to non-controlling interest	-	(26)	-	-	26	-
Share-based payments	-	-	-	1,043	-	1,042
Balance at 31 December 2019	162,919	(93,940)	(543)	7,916	(2,121)	74,231
Balance at 1 January 2020	162,919	(93,940)	(543)	7,916	(2,121)	74,231
Profit after tax	-	89,362	-	-	9,538	98,900
Other comprehensive profit (loss) for the period	-	-	(5,553)	-	-	(5,553)
Total comprehensive profit (loss) for the period	-	89,362	(5,553)	-	9,538	93,347
Shares issued during the period net of transaction costs	2,344	-	-	-	-	2,344
Transfer to non-controlling interest	-	381	-	-	(381)	-
Share-based payments	-	-	-	2,343	-	2,343
Reclassification of expired options	-	312	-	(312)	-	-
Balance at 31 December 2020	165,263	(3,885)	(6,096)	9,947	7,036	172,265

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
OPERATING ACTIVITIES			
Receipts from customers		334,271	-
Payments to suppliers and employees		(186,702)	(7,850)
Interest received		681	1,266
Interest paid		(576)	(5)
Other income		247	2
Net cash inflow (outflow) from operating activities	21(a)	147,921	(6,587)
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(93,052)	(54)
Development expenditure		-	(200,027)
Capitalised exploration and evaluation expenditure		(16,404)	-
Capitalised interest paid during construction		(7,738)	(8,887)
Repayment of loan by related party		290	-
Net cash outflow from investing activities		(116,904)	(208,968)
FINANCING ACTIVITIES			
Proceeds from issue of shares		-	219
Proceeds from exercise of share options		2,369	770
Proceeds from borrowings		37,832	251,799
Repayment of borrowings		(35,463)	-
Payments for share issue costs		(22)	(17)
Payments for lease liabilities		(2,949)	(1,130)
Interest paid on borrowings		(15,020)	-
Financing costs		(7,369)	-
Transaction costs related to loans and borrowings		(489)	(19,077)
Net cash inflow (outflow) from financing activities		(21,111)	232,564
Net increase in cash held		9,906	17,009
Cash at the beginning of the financial period		83,584	66,355
Effect of exchange rate changes on the balance of cash held in foreign currencies		1,537	220
Cash at the end of the financial period	7	95,027	83,584

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 BASIS OF PREPARATION

A. BASIS OF ACCOUNTING

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

Information for West African Resources Limited as an individual parent entity is provided in Note 31.

B. ROUNDING OF AMOUNTS

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

C. PRINCIPLES OF CONSOLIDATION

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

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

D. CHANGE IN PRESENTATION OF COMPARATIVES

New expense classification components have been introduced into the Consolidated Statement of Profit and Loss and Other Comprehensive Income to improve understanding of the profit and loss results of the Sanbrado mining operation that commenced commercial production in the reporting period. Accordingly, certain expenses in the comparative period have been reclassified from the presentation component used in the 31 December 2019 financial statements as follows:

	Prior to change in presentation 31 December 2019 \$'000	New classification component
Personnel costs	2,918	Cost of sales
Consultants	628	Cost of sales
Contractors	16	Cost of sales
Occupancy costs	71	Cost of sales
Legal costs	22	Cost of sales
Travel and accommodation	318	Corporate and technical services
Listed entity costs	194	Corporate and technical services
Overheads	370	Corporate and technical services
Interest expense - lease	5	Finance expenses
Depreciation expense	184	Cost of sales

Also, prior to the change in presentation \$1,452,000 of 'exploration and evaluation expenditure' was shown as a separate line in the Consolidated Statement of Cash Flows. These exploration and evaluation expenditures are now included in the line item for 'payments to suppliers and employees' in the comparative period of the Consolidated Statement of Cash Flows.

1 BASIS OF PREPARATION (CONTINUED)

E. ADOPTION OF NEW AND REVISED STANDARDS

The Directors have reviewed all of the new and revised Standards and Interpretations on issue not yet adopted by the Group for the period ended 31 December 2020. The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standard's Board that are mandatory to the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

F. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

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

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

Date of commencement of commercial production

Setting the pre-determined levels of operating capacity intended by management for deciding when development of the Sanbrado gold project was completed and production started. This date is known as the 'date of commencement of commercial production' and is used for establishing when project costs of an operating nature are no longer capitalised to mines under construction and when depreciation and amortisation of the associated assets commences.

Accounting for leases

- Assessing contracts to determine whether they contain a lease and if so, whether they also contain non-lease components.
- Estimating the useful lives and depreciation rates of right-of-use assets.
- Setting the discount rate of the lease contracts, which is used in the calculation of lease liabilities.

Exploration and evaluation costs

On a case-by-case basis, assessing whether the acquisition costs of particular mineral properties will be expensed or whether it is appropriate to capitalise them as exploration and evaluation (E&E) assets.

Valuation of rehabilitation provision

- Estimating the future cash flows to settle mine restoration obligations.
- Setting the discount rate used in the calculation of the rehabilitation provision.

Property, plant and equipment

- Setting the useful lives and depreciation rates for plant and equipment.
- Assessing assets for impairment of their carrying value.

Group consolidation

Setting the functional currency used for each entity in the Group.

Income tax

- Interpreting tax legislation in a number of countries.
- Estimating future tax outcomes.

Classification of borrowings

Estimating future cash flows which impact on the classification of the syndicated debt facility as current versus non-current borrowings.

Share-based payments

- Estimating the fair value of the share-based payments at the date at which they are granted.
- Estimating number of share-based payment awards to employees that will ultimately vest at each reporting date.

Value added tax receivable

Estimating the amount recoverable and timing of recovery of VAT receivable from the Burkina Faso government.

1 BASIS OF PREPARATION (CONTINUED)

G. REVENUE

The Group primarily generates revenue from the sale of gold bullion. This sales revenue is recognised when ownership of the metal is transferred to the buyer. This typically occurs when physical bullion, from a contracted sale, is transferred from the Group's metal account to the metal account of the buyer.

Where the Group receives provisional payments from buyers in advance of transfer of ownership, the Group classifies the provisional payment as a deferred revenue liability until ownership is transferred and the associated revenue is recognised.

H. INCOME TAXES

The income tax expense or benefit for the period 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.

I. OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of value added taxes ("VAT") except:

- when the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT 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 VAT included.

Australian goods and services tax ("GST") is a type of VAT.

The net amount of VAT 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 VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

J. 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.

K. INVENTORIES

Ore stockpiles, gold in circuit and finished goods (being gold doré and gold bullion) inventories are valued at the lower of weighted average cost and net realisable value. Costs include direct production costs and an appropriate allocation of attributable overheads. Depreciation and amortisation attributable to production of the inventory are also included in the cost of inventory.

Inventories of consumable supplies and spare parts are valued at the lower of weighted average cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion, and the estimated costs necessary to make the sale.

1 BASIS OF PREPARATION (CONTINUED)

L. PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment ("PP&E") is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The cost of an item of PP&E consists of the purchase price, applicable borrowing costs, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The carrying amount of the PP&E is reviewed at each balance sheet date to assess whether there is any indication that the assets may be impaired. If any such indication exists, then the recoverable amount of the assets is estimated. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

Gains and losses on disposal of PP&E 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.

Mines under construction

Expenditure on the construction, installation, and completion of infrastructure facilities for mining properties is capitalised to mines under construction. The expenditure includes direct costs of construction, drilling costs and removal of overburden to gain access to the ore, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. The capitalised amount is net of proceeds from the sale of ore extracted during the construction 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 reaching pre-determined levels of operating capacity intended by management, known as 'commencement of commercial production', the assets included in mines under construction are transferred out of mines under construction to their appropriate PP&E category and depreciation and amortisation commence.

Mine development assets

Mine development represents expenditure incurred in relation to overburden removal based on underlying mining activities and related mining data and construction costs and underground development incurred by, or on behalf of, the Group previously accumulated and carried forward in relation to mineral properties in which mining has now commenced. Such expenditure comprises direct costs and an allocation of directly related overhead expenditure.

All expenditure incurred prior to the commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured. When further development expenditure is incurred in respect of a mine property after the commencement of commercial production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of the mine development being amortised.

Mine development costs (as transferred from exploration and evaluation and/or mines under construction) are amortised on a units-of-production basis over the life of mine to which they relate. In applying the units of production method, amortisation is calculated using the expected total contained ounces as determined by the life of mine plan specific to that mine property. For development expenditure undertaken during production, the amortisation rate is based on the ratio of total development expenditure (incurred and anticipated) over the expected total contained ounces as estimated by the relevant life of mine plan to achieve a consistent amortisation rate per ounce. The rate per ounce is typically updated annually as the life of mine plans are revised.

1 BASIS OF PREPARATION (CONTINUED)

L. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation

Depreciation of non-mine specific PP&E is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives determined as follows:

Land and buildings	3 to 10 years
Office equipment	3 to 10 years
Plant and equipment	3 to 10 years
Light vehicles	3 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

M. EXPLORATION AND EVALUATION

Mineral exploration and evaluation ("E&E") costs are expensed as incurred. Acquisition costs related to mineral properties 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 as an E&E asset to the extent that they are expected to be recouped through the successful development or sale of the mineral property. Accumulated acquisition costs in relation to abandoned mineral properties are written off in full against profit or loss in the year in which the decision to abandon is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, the associated E&E assets are transferred to PP&E and all future E&E costs for the area of interest are classified as PP&E within either mines under construction or mine development assets, as appropriate.

N. RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

The carrying amounts of non-current assets are reviewed annually 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.

O. TRADE AND OTHER ACCOUNTS PAYABLE

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

P. BORROWINGS

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

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

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

1 BASIS OF PREPARATION (CONTINUED)

Q. LEASE LIABILITIES

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Right-of-use assets

Right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

R. 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.

S. EMPLOYEE BENEFITS

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

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

T. 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 estimated number of awards that will ultimately vest. This estimate 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.

U. FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

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

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

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

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

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

1 BASIS OF PREPARATION (CONTINUED)

V. FINANCIAL ASSETS

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through profit or loss

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

1 BASIS OF PREPARATION (CONTINUED)

W. PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, West African Resources Limited, disclosed in Note 31 has been prepared on the same basis as the Group.

2 SEGMENT REPORTING

A. DESCRIPTION OF SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board and the executive management team in assessing performance and in determining the allocation of resources.

As there were no operating mines in previous reporting periods the Group considered its business operations to be one reporting segment in mineral exploration and development. During the current reporting period, the Group changed the internal reporting basis of its operations to match changes in the operational structure of the business, with the resultant operating segments being as follows:

- (a) **Mining Operations:** in the current period comprise the Sanbrado Gold Project operations located in Burkina Faso.
- (b) **Exploration:** in the current period comprises exploration and evaluation activities in locations other than Sanbrado.

B. SEGMENT INFORMATION

31 December 2020	Mining operations \$'000	Exploration \$'000	Other \$'000	Total \$'000
Total segment revenue	310,667	129	371	311,167
Total segment expenses	145,148	2,516	5,079	152,743
Total segment results	165,519	(2,388)	(4,708)	158,423
Segment assets at 31 December 2020	471,222	17,339	42,152	530,713
Segment liabilities at 31 December 2020	137,036	232	221,180	358,448

Segment result is reconciled to the profit before income tax as follows:

	2020 \$'000
Total segment results	158,423
Share-based payments	(2,343)
Finance expenses	(26,139)
Other expenses	(2,769)
Net foreign exchange losses	14,196
Profit before income tax	141,368

All metal sales in the year were made to MKS (Switzerland) SA.

3 REVENUE

	2020 \$'000	2019 \$'000
Metal sales	310,315	-
Interest received	605	1,237
Other income	247	2
	311,167	1,239

4 EXPENSES

	2020 \$'000	2019 \$'000
(a) Cost of sales		
Production expenses	120,888	-
Royalties and other selling costs	21,371	-
Depreciation and amortisation	23,985	-
Changes in inventory (cash)	(15,350)	-
Changes in inventory (non-cash)	(5,746)	-
	145,148	-
(b) Other expenses		
Accretion of rehabilitation provision	125	-
Depreciation and amortisation	76	-
Withholding tax expense	2,568	-
	2,769	-

5 INCOME TAX

A. INCOME TAX RECOGNISED IN PROFIT OR LOSS

	2020 \$'000	2019 \$'000
Current tax	20,819	-
Deferred tax	21,649	-
(Under) Over provided in prior years	-	-
	42,468	-

5 INCOME TAX (CONTINUED)

B. NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	2020 \$'000	2019 \$'000
Accounting profit (loss) before tax	141,368	(4,334)
Income tax benefit (expense) at 30% (31 December 2019: 27.5%)	42,410	1,192
Add (Deduct):		
Non-deductible expenses	4,302	(4)
Effect of differences in foreign tax rates	(3,657)	-
Effect of differences in foreign exchange	(904)	(601)
Deferred tax movement re borrowing costs	2,361	-
Other permanent adjustment	(3,769)	-
Movement in unrecognised deferred tax assets	1,725	-
Temporary differences not recognised	-	(1,456)
Tax losses utilised not previously brought to account	-	601
Income tax expense (benefit)	42,468	-

C. UNRECOGNISED DEFERRED TAX BALANCES

	2020 \$'000	2019 \$'000
(a) Unrecognised deferred tax assets		
Annual leave provision	75	-
Accrued expenses	46	1,503
Employee provisions	59	1,841
Long service leave provision	13	-
Borrowings	16,961	-
Leases	93	-
Share issue costs	-	1,191
Tax losses	14,496	23,946
Section 40-880 undeducted losses	82	-
(b) Unrecognised deferred tax liabilities		
Prepayments	(2)	(100)
Accrued interest	-	(13)
Right-of-use assets	(90)	-
Borrowing costs	(1,032)	-
Net unrecognised deferred tax asset	30,701	28,368

6 EARNINGS PER SHARE

	2020	2019
	\$	\$
Basic profit (loss) per share (cents per share)	11.3	(0.5)
Diluted profit (loss) per share (cents per share)	11.2	(0.5)
The profit (loss) and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Profit (Loss) for the year	98,900,509	(4,333,608)
Weighted average number of shares outstanding during the period used in calculations of basic profit (loss) per share	873,899,037	868,631,331
Weighted average number of diluted shares outstanding during the period used in calculations of diluted profit (loss) per share	880,451,906	876,071,746

7 CASH AND CASH EQUIVALENTS

	2020	2019
	\$'000	\$'000
Cash at bank	94,944	83,567
Cash in hand	83	17
	95,027	83,584

8 TRADE AND OTHER RECEIVABLES

	2020 \$'000	2019 \$'000
Current		
Interest receivable	-	45
Prepayments	2,945	362
Other receivables	19,690	2,858
Loan to Director	-	320
Allowance for impairment	-	(2,084)
	22,635	1,501

Other receivables include value added tax receivable from the Burkina Faso government of \$19,275,000 (2019: \$2,084,000).

	2020 \$'000	2019 \$'000
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	(2,084)	(2,166)
Impairment losses and reversals recognised on receivables	2,084	82
Balance at the end of the year	-	(2,084)
Ageing of past due but not impaired		
30 - 60 days	19,690	819
60 - 90 days	-	-
90 - 120 days	-	320
Total	19,690	1,139

9 INVENTORIES

	2020 \$'000	2019 \$'000
Ore stockpiles – cost	24,895	-
Finished goods – cost	14,131	-
Gold in circuit – cost	2,278	-
Consumable supplies and spares – cost	10,646	-
	51,950	-

10 PROPERTY, PLANT AND EQUIPMENT

	Mine development assets \$'000	Mines under construction \$'000	Capital in progress \$'000	Land and buildings \$'000	Office equipment \$'000	Plant and equipment \$'000	Light vehicles \$'000	Total \$'000
Cost and accumulated depreciation								
31 December 2019								
Gross carrying amount at cost	-	242,477	-	188	302	1,665	928	245,560
Accumulated depreciation	-	-	-	(137)	(246)	(1,580)	(895)	(2,859)
Net carrying amount	-	242,477	-	51	56	85	32	242,701
31 December 2020								
Gross carrying amount at cost	100,427	-	11,527	31,137	298	205,828	4,021	353,238
Accumulated depreciation	(6,601)	-	-	(2,074)	(273)	(13,183)	(1,520)	(23,651)
Net carrying amount	93,826	-	11,527	29,063	25	192,645	2,501	329,587
Carrying value								
31 December 2019								
At the beginning of the period	-	18,830	-	102	50	188	48	19,218
Additions	-	223,675	-	-	40	-	8	223,723
Depreciation expensed for the period	-	-	-	(4)	(12)	(51)	(23)	(89)
Depreciation capitalised for the period	-	-	-	(47)	(22)	(51)	-	(120)
Change in rehabilitation provision	-	2,098	-	-	-	-	-	2,098
Effects of movement in foreign exchange	-	(2,126)	-	(1)	-	(2)	-	(2,129)
Net of accumulated depreciation	-	242,477	-	51	56	85	32	242,701
31 December 2020								
At the beginning of the period	-	242,477	-	51	56	85	32	242,701
Transfers from mine under construction	69,783	(308,014)	-	30,951	-	204,178	3,102	-
Transfers to inventory	-	(28,669)	-	-	-	-	-	(28,669)
Additions	25,582	100,719	11,527	-	-	-	-	137,828
Depreciation expensed for the period	(6,885)	-	-	(2,005)	(24)	(12,100)	(660)	(21,674)
Depreciation capitalised for the period	-	41	-	(16)	(8)	(17)	-	-
Change in rehabilitation provision	5,062	-	-	-	-	-	-	5,062
Effects of movement in foreign exchange	284	(6,554)	-	82	1	499	27	(5,661)
Net of accumulated depreciation	93,826	-	11,527	29,063	25	192,645	2,501	329,587

11 RIGHT-OF-USE ASSETS

	Property \$'000	Equipment \$'000	Total \$'000
Balance at 1 January 2019	-	-	-
Additions	127	9,479	9,606
Depreciation charge for the year	(95)	(1,391)	(1,486)
Effects of movement in foreign exchange	-	15	15
Balance at 31 December 2019	32	8,103	8,135
Balance at 1 January 2020	32	8,103	8,135
Additions	359	10,838	11,197
Depreciation charge for the year	(92)	(3,073)	(3,165)
Effects of movement in foreign exchange	-	53	53
Balance at 31 December 2020	299	15,921	16,220

12 MINE PROPERTIES

	2020 \$'000	2019 \$'000
Mines under construction		
Balance at 1 January	242,477	18,830
Additions	100,719	222,878
Change in rehabilitation provision	-	2,098
Transfers to property, plant and equipment	(308,014)	-
Transfers to other assets	(28,669)	-
Depreciation capitalised for the year	41	-
Effects of movement in foreign exchange	(6,554)	(1,329)
Balance at 31 December	-	242,477

13 EXPLORATION AND EVALUATION ASSETS

	2020 \$'000	2019 \$'000
Balance at 1 January	-	-
Additions	15,255	-
Balance at 31 December	15,255	-

During the year, the Group recognised \$15,255,000 of exploration and evaluation asset additions relating to acquisition costs for the Toega gold deposit (2019: nil).

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

14 TRADE AND OTHER PAYABLES

	2020 \$'000	2019 \$'000
Current		
Trade payables	24,418	8,091
Accruals	15,366	5,465
Other payables	695	334
	40,479	13,890

15 LOANS AND BORROWINGS

	2020 \$'000	2019 \$'000
Current	132,664	22
Non-current	93,669	235,063
	226,333	235,085

A. SYNDICATED DEBT FACILITY

	2020 \$'000	2019 \$'000
Current	132,455	-
Non-current	81,488	230,325
	213,943	230,325

Syndicated debt facility denominated in USD arranged by Taurus Mining Finance for the development of the Sanbrado gold project, which is secured against the assets of the Group. Interest is charged at 7.75% per annum and scheduled monthly repayments commence on 31 March 2021. As at 31 December 2020 the balance due was US\$175 million and no additional drawings are available (2019: balance due was \$175 million and US\$25 million was available to be drawn). The Group is also obligated to pay a product fee under the facility (refer to note 23C(i)). Estimates of future cash flows used for classification of the debt facility between current and non-current may differ from the actual outcomes in the next financial year.

B. SUPPLIER LOAN FACILITIES

	2020 \$'000	2019 \$'000
Current	209	22
Non-current	12,181	4,738
	12,390	4,760

In 2019 a loan facility was entered into with Byrncut Burkina Faso SARL as a component of the Sanbrado underground mining services contract. The facility has a limit of US\$10 million and interest is charged at a rate of 9.75% per annum. Interest is payable half-yearly and the principal is due 6 months before termination of the 5-year services contract. The balance outstanding under the facility at 31 December 2020 was US\$9.6 million inclusive of accrued interest.

16 LEASES

	2020 \$'000	2019 \$'000
Current	4,581	1,866
Non-current	11,225	6,609
	15,806	8,475
Amounts recognised in profit or loss		
Interest on lease liabilities	576	5
Expenses relating to short-term leases	41	70
	617	75
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	2,949	784

17 PROVISIONS

	2020 \$'000	2019 \$'000
Non-current		
Long service leave provision	44	60
Rehabilitation provision	9,362	4,218
	9,406	4,278
Reconciliation of movements in rehabilitation provision:		
Balance at the start of the period	4,218	2,121
Increase in rehabilitation provision during the year	5,182	2,097
Effects of movement in foreign exchange	(38)	-
Balance at the end of the period	9,362	4,218

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

18 DEFERRED TAX LIABILITIES

	2020 \$'000	2019 \$'000
Deferred tax liabilities		
Trade and other receivables	7	-
Property, plant and equipment	6,911	-
Trade and other payables	175	-
Borrowings	7,070	-
Borrowing costs	7,485	-
Net deferred tax liabilities	21,648	-

19 ISSUED CAPITAL

	2020 \$'000	2019 \$'000
Fully paid ordinary shares	165,263	162,919
(a) Number of shares	No.	No.
At start of period	870,478,852	863,524,727
Issue of shares 30 January 2019	-	876,000
Issue of shares on exercise of options	8,203,794	6,078,125
Balance at end of period	878,682,646	870,478,852
(b) Value of shares	\$'000	\$'000
At start of period	162,919	161,947
Issue of shares 30 January 2019	-	219
Issue of shares on exercise of options	2,369	770
Share issue costs	(25)	(17)
Balance at end of period	165,263	162,919

20 RESERVES

	2020 \$'000	2019 \$'000
Reserves	3,851	7,373
Reserves comprise the following:		
(a) Foreign currency translation reserve		
At start of period	(543)	670
Currency translation differences	(5,553)	(1,213)
Balance at end of period	(6,096)	(543)
(b) Share-based payments reserve		
At start of period	7,916	6,874
Options issued – share-based payment expense	2,251	974
Options issued in lieu of directors fees	92	68
Reclassification of expired options	(312)	-
Balance at end of period	9,947	7,916

20 RESERVES (CONTINUED)

Nature and purpose of reserves

(a) Foreign currency translation reserve

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

(b) Shared-based payments reserve

The shared-based payments reserve is used to recognise the fair value of options issued by the Company to Directors, employees and other suppliers or consultants that are not exercised or expired.

21 CASH FLOW INFORMATION

A. RECONCILIATION OF PROFIT (LOSS) AFTER INCOME TAX TO NET CASHFLOWS FROM OPERATING ACTIVITIES

	2020 \$'000	2019 \$'000
Profit (Loss) after income tax	98,900	(4,334)
Adjustment for:		
Depreciation and amortisation	24,061	184
Share-based payments	2,343	1,043
Accretion of rehabilitation provision	125	-
Financing costs	25,563	-
Net foreign exchange (gain) loss	(15,002)	(2,363)
	135,990	(5,470)
Changes in assets and liabilities		
(Increase) Decrease in trade and other receivables	(18,260)	173
(Increase) Decrease in inventories	(26,461)	-
(Decrease) Increase in trade and other payables	14,185	(1,290)
(Decrease) Increase in current tax payable	20,819	-
(Decrease) Increase in deferred tax liabilities	21,648	-
Net cash flows from operating activities	147,921	(6,587)

21 CASH FLOW INFORMATION (CONTINUED)

B. RECONCILIATION OF LOANS AND BORROWINGS AND LEASES TO NET CASH FLOWS FROM FINANCING ACTIVITIES

	Loans and borrowings	Lease liabilities	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2019	-	127	127
Net cash from (used in) financing activities	232,722	(1,130)	231,592
Transfer of prior year capitalised borrowing costs	(1,066)	-	(1,066)
Amortisation of borrowing costs	1,208	-	1,208
Effects of movement in foreign exchange	(2,511)	-	(2,511)
Other changes	(28)	-	(28)
Supplier facility utilised	4,760	-	4,760
Leases entered into during the year	-	9,478	9,478
Balance at 31 December 2019	235,086	8,475	243,561
Balance at 1 January 2020	235,086	8,475	243,561
Net cash from (used in) financing activities	(13,140)	(2,949)	(16,089)
Amortisation of borrowing costs	5,054	-	5,054
Effects of movement in foreign exchange	(8,626)	(558)	(9,184)
Supplier facility utilised	7,959	-	7,959
Leases entered into during the year	-	10,838	10,838
Balance at 31 December 2020	226,333	15,806	242,139

22 DIVIDENDS

No dividends have been paid or declared payable during the year (2019: nil).

23 COMMITMENTS AND OTHER CONTINGENCIES

A. COMMITMENTS IN RELATION TO EXPLORATION AND MINING LEASE

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

	2020 \$'000	2019 \$'000
Due within 1 year	10,635	424
Due after 1 year but not more than 5 years	14,340	33
Due after 5 years	-	-
	24,975	457

B. COMMITMENTS IN RELATION TO OPERATIONS

Commitments of the Group in relation to the operations of the Sanbrado Gold Project mine site will be payable as follows:

	2020 \$'000	2019 \$'000
Due within 1 year	5,528	21,626
Due after 1 year but not more than 5 years	-	-
Due after 5 years	-	-
	5,528	21,626

C. CONTINGENT LIABILITIES

(i) Product fee

Under the syndicated debt facility the Group has a contractual commitment to pay a fee on the first 1,250,000 ounces of gold refined from the Sanbrado Gold project (the "Product Fee"). The Product Fee for each ounce of gold refined is calculated as the spread between the LBMA quoted am fix price on the date the refined gold is credited to the Group's metals account and the lowest LBMA quoted gold price (am fix or pm fix) during the preceding 8 business day period.

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

During the year the Group incurred US\$4,324,519 (A\$6,261,000) of Product Fees in relation to 118,093 ounces of refined gold (2019: nil) that are recorded under 'finance expenses' in the 'statement of profit or loss and other comprehensive income'. This represents an average payment per ounce of US\$36.62. The Group had 1,131,907 ounces remaining under the Product Fee commitment at 31 December 2020 (31 December 2019: 1,250,000).

(ii) Other contingent liabilities

There were no other material contingent liabilities at the end of the year (31 December 2019: nil).

24 INTEREST IN SUBSIDIARIES

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

Controlled entities	Country of incorporation	Ownership interest	
		2020	2019
		%	%
Parent Entity:			
West African Resources Limited	Australia		
Subsidiaries of West African Resources Limited:			
WAF Finance Pty Ltd	Australia	100	100
Wura Resources Pty Ltd SARL	Burkina Faso	100	100
West African Resources Development SARL	Burkina Faso	100	100
Channel Resources Ltd	Canada	100	100
<i>which owns</i>			
Channel Resources (Cayman I) Ltd	Cayman Islands	100	100
<i>which owns</i>			
Channel Resources (Cayman II) Ltd	Cayman Islands	100	100
<i>which owns</i>			
Tanlouka SARL	Burkina Faso	100	100
Société des Mines de Sanbrado SA ¹	Burkina Faso	90	90

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

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

	Consolidated		Parent Entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Amounts owed by (to) related parties				
<u>Subsidiaries</u>				
WAF Finance Pty Ltd	-	-	40,496	14,212
Wura Resources Pty Ltd SARL	-	-	23,926	22,788
Société des Mines de Sanbrado SA	-	-	12,784	44,150
West African Resources Development SARL	-	-	16,950	560
Tanlouka SARL	-	-	3,457	18,717
Channel Resources (Cayman I) Ltd	-	-	56	43
Channel Resources (Cayman II) Ltd	-	-	59	44
Channel Resources Ltd	-	-	1	(8)
Total	-	-	97,729	100,506
Provision for impairment	-	-	(56,230)	(54,806)
	-	-	41,499	45,700

Further information with respect to related party transactions are included in Note 27.

24 INTEREST IN SUBSIDIARIES (CONTINUED)

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

	2020 \$'000	2019 \$'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Revenue	309,856	-
Profit (Loss) for the year:		
Attributable to owners of the parent	85,845	(621)
Attributable to non-controlling interest	9,538	(59)
	95,383	(680)
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	123,601	1,860
Non-current assets	345,489	214,887
	469,090	216,747
Liabilities		
Current liabilities	329,052	225,354
Non-current liabilities	69,671	12,600
	398,723	237,954
Equity		
Attributable to owners of the parent	63,330	(19,086)
Attributable to non-controlling interest	7,037	(2,121)
	70,367	(21,207)
STATEMENT OF CASH FLOWS		
Net cash from (used in) operating activities	165,477	(1,436)
Net cash from (used in) investing activities	(92,532)	(164,211)
Net cash from (used in) financing activities	(18,701)	165,571
	54,244	(76)

25 SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

26 AUDITORS' REMUNERATION

	2020 \$'000	2019 \$'000
The auditor of West African Resources Limited is HLB Mann Judd		
Audit or review of the financial statements	53	46
All other services	-	-
	53	46
Amounts received or due and receivable by non HLB Mann Judd audit firms		
Audit or review of the Burkina Faso financial reports	19	18
	19	18

27 DIRECTORS AND EXECUTIVE DISCLOSURES

A. DETAILS OF KEY MANAGEMENT PERSONNEL

Non-Executive Directors		Appointed	Resigned
Rod Leonard	Non-Executive Director	September 2019	-
Nigel Spicer	Non-Executive Director	September 2019	-
Stewart Findlay	Non-Executive Director	29 May 2020	-
Libby Mounsey	Non-Executive Director	29 May 2020	-
Mark Connelly	Non-Executive Director	June 2015	29 May 2020
Simon Storm	Non-Executive Director and Company Secretary	November 2007	29 May 2020
Executive Directors			
Richard Hyde	Executive Chairman and CEO	September 2006	-
Lyndon Hopkins ¹	Executive Director and COO	September 2019	-
Other Executives (KMPs)			
Padraig O'Donoghue	Chief Financial Officer and Company Secretary	June 2018 ²	-
Matthew Wilcox	Chief Development Officer	September 2018	-

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

²Date appointed as Company Secretary was May 2020 (employed since June 2018).

B. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2020 \$'000	2019 \$'000
Short-term employee benefits	1,938	1,640
Post-employment benefits	145	84
Share-based payments	1,723	873
	3,806	2,597

C. COMPENSATION BY CATEGORY OF KEY MANAGEMENT PERSONNEL FOR THE YEAR

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

27 DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

D. LOANS TO KEY MANAGEMENT PERSONNEL

A loan was provided to Richard Hyde in a prior year to exercise 2,000,000 options at 14.5 cents. The loan carried interest at 5.5% per annum with a maturity date of 30 June 2021. Mr Hyde fully repaid the loan during the year and the balance outstanding at year end was nil (2019: \$319,673).

E. OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

There were no other transactions and outstanding balances with key management personnel for the year ended 31 December 2020 that are not already included in the Remuneration Report in the Directors' Report.

28 FINANCIAL INSTRUMENTS

	2020 \$'000	2019 \$'000
Financial assets		
Cash and cash equivalents (Note 7)	95,027	83,584
Trade and other receivables (Note 8)	22,635	1,501
Financial assets	39	38
	117,701	85,123
Financial liabilities		
Trade and other payables (Note 14)	(40,479)	(13,890)
Loans and borrowings* (Note 15)	(239,781)	(256,559)
Lease liabilities (Note 16)	(15,807)	(8,475)
	(296,066)	(278,924)

*Loans and borrowings amount as disclosed in Note 15 includes capitalised transaction costs of \$13,448,000.

29 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and price 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 year, the Group's cash deposits at variable rates were denominated in Australian Dollars ("AUD"), United States Dollars ("USD"), Euros, and Communauté Financière Africaine Francs ("CFA").

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

A. MARKET RISK (CONTINUED)

(i) Interest rate risk (continued)

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						Total \$'000
	Weighted Average Effective Interest Rate	Floating Interest Rate \$'000	Fixed Interest Rate Maturing			Non- interest bearing \$'000	
			Within Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000		
31 December 2019							
Financial assets							
Cash and cash equivalents	1.7%	76,366	-	-	-	7,218	83,584
Trade and other receivables	5.5%	-	320	-	-	1,181	1,501
Financial assets	2.7%	-	38	-	-	-	38
Total financial assets		76,366	358	-	-	8,399	85,123
Financial liabilities							
Trade and other payables		-	-	-	-	13,890	13,890
Loans and borrowings		-	21,315	235,244	-	-	256,559
Lease liabilities		-	1,866	6,609	-	-	8,475
Total financial liabilities		-	23,181	241,853	-	13,890	278,924
31 December 2020							
Financial assets							
Cash and cash equivalents	0.7%	63,464	-	-	-	31,563	95,027
Trade and other receivables	0.0%	-	-	-	-	22,635	22,635
Financial assets	1.0%	-	39	-	-	-	39
Total financial assets		63,464	39	-	-	54,198	117,701
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	40,479	40,479
Loans and borrowings	7.62%	-	133,672	108,253	-	-	241,925
Lease liabilities	6.50%	-	4,581	11,225	-	-	15,806
Total financial liabilities		-	138,253	119,478	-	40,479	298,210

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

A. MARKET RISK (CONTINUED)

(ii) Interest rate sensitivity

At 31 December 2020, 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.

	2020 \$'000	2019 \$'000
+0.5%	447	374
-0.5%	(447)	(374)

The sensitivity is calculated using the average cash position for the year ended 31 December 2020. The interest income in Note 4 of \$605,024 (31 December 2019: \$1,239,000) reflects cash balances in the year that ranged between \$40,878,483 and \$73,476,229 (31 December 2019: \$30,480,000 and \$83,584,000).

(iii) Foreign currency risk

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

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

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

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

	2020 \$'000	2019 \$'000
Financial assets		
Cash and cash equivalents	82,172	76,484
Trade and other receivables	21,456	2,272
	103,628	78,756
Financial liabilities		
Trade and other payables	72,362	16,134
Loans and borrowings	236,848	258,946
Lease liabilities	15,491	8,442
Tax liabilities	41,590	-
	366,291	283,522

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

A. MARKET RISK (CONTINUED)

(iv) Exchange rate sensitivity

A 10 per cent strengthening or weakening of the AUD against the following currencies at 31 December would have increased (decreased) net assets by the amounts shown in the below table. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended 31 December 2019.

	+10%		-10%	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
USD	19,019	17,413	(23,245)	(21,282)
CFA	(34,862)	1,854	42,609	(2,266)
EUR	1,958	(651)	(2,394)	796

(v) Price risk

The Group is exposed to commodity price risk on its future gold production. This risk is estimated by management using forecasts of the quantity and cost of future gold production. While the Group's price risk could be partially managed using a range of different types of hedging instruments, the Group did not have any open hedge instruments at 31 December 2020 (2019: nil).

B. CREDIT RISK

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

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

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 (\$95,027,000 as at 31 December 2020) and prudent cash flow and financial commitment management. The tables below analyse the Group's financial assets and liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Consolidated				Total \$'000
	<6 months \$'000	6-12 months \$'000	1-5 years \$'000	>5 years \$'000	
31 December 2019					
Financial assets					
Cash and cash equivalents	83,584	-	-	-	83,584
Trade and other receivables	1,501	-	-	-	1,501
Financial assets	38	-	-	-	38
Total financial assets	85,123	-	-	-	85,123
Financial liabilities					
Trade and other payables	(13,890)	-	-	-	(13,890)
Loan and borrowings	(8,058)	(13,257)	(235,244)	-	(256,559)
Lease liabilities	(915)	(951)	(6,609)	-	(8,475)
Total financial liabilities	(22,863)	(14,208)	(241,853)	-	(278,924)
Net maturity	62,260	(14,208)	(241,853)	-	(193,801)
31 December 2020					
Financial assets					
Cash and cash equivalents	95,027	-	-	-	95,027
Trade and other receivables	22,635	-	-	-	22,635
Financial assets	39	-	-	-	39
Total financial assets	117,701	-	-	-	117,701
Financial liabilities					
Trade and other payables	(40,479)	-	-	-	(40,479)
Loans and borrowing	(58,600)	(89,151)	(116,252)	-	(264,003)
Lease liabilities	(2,524)	(2,524)	(12,101)	-	(17,149)
Total financial liabilities	(101,603)	(91,675)	(128,353)	-	(321,631)
Net maturity	16,098	(91,675)	(128,353)	-	(203,930)

30 SHARE-BASED PAYMENTS

A. RECOGNISED SHARE-BASED PAYMENTS

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

	2020 \$'000	2019 \$'000
Share-based payments to Directors	1,254	708
Share-based payments to employees	955	330
Share-based payments to third party	133	5
	2,343	1,043

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

B. TRANSACTIONS SETTLED USING SHARES

No transactions were settled in the current year using shares.

C. EMPLOYEE SHARE AND OPTION PLAN

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

D. PERFORMANCE RIGHTS

Performance rights are granted under the Incentive Plan for nil consideration and are subject to vesting conditions as determined by the Board of Directors. Any performance rights that do not vest by their expiry date will lapse. Upon vesting, these performance rights will be settled in ordinary fully paid shares of the Company.

(a) Summary of performance rights granted under the Incentive Plan

	2020 Number	2020 WAEP*	2019 Number	2019 WAEP*
Outstanding at the beginning of the year	2,287,295	-	1,966,732 ^a	-
Granted during the year	10,636,406	-	320,563 ^b	-
Exercised during the year	(303,794)	-	-	-
Lapsed/cancelled during the year	(62,180)	-	-	-
Outstanding at the end of the year	12,557,727	-	2,287,295	-
Exercisable at the end of the year	2,027,779	-	-	-

*WAEP = weighted average exercise price

The performance rights outstanding at the end of the year had a weighted average remaining contractual life of 1,200 days (31 December 2019: 1,027 days)

^a1,223,828 opening performance rights from 2019 have been reclassified as options. They are now included in Note 31E(a) below.

^b259,516 options granted in 2019 have now been reclassified as performance rights.

30 SHARE-BASED PAYMENTS (CONTINUED)

D. PERFORMANCE RIGHTS (CONTINUED)

(b) Fair value of performance rights granted

The fair value of the performance rights granted during the year was determined using the Black-Scholes, Monte Carlo Simulation and Binomial pricing methods.

Number issued	Grant date	Original expiry period	Dividend yield	Expected volatility	Risk-free interest rate	Exercise price	Share price on grant date
963,948	9-Jan-20	3 years	0%	54%	2.75%	\$0.0000	\$0.4350
263,157	9-Jan-20	5 years	0%	54%	2.75%	\$0.0000	\$0.4350
131,578	9-Jan-20	4 years	0%	54%	2.75%	\$0.0000	\$0.4350
44,278	29-May-20	2 years	0%	60%	5.75%	\$0.0000	\$0.8400
885,166	29-May-20	3 years	0%	60%	5.75%	\$0.0000	\$0.8400
657,894	29-May-20	5 years	0%	74%	3.25%	\$0.0000	\$0.8400
182,978	2-Jul-20	3 years	0%	64%	5.75%	\$0.0000	\$0.8850
78,419	2-Jul-20	5 years	0%	72%	3.25%	\$0.0000	\$0.8850
137,822	29-May-20	2 years	0%	64%	5.75%	\$0.0000	\$0.8400
75,358	8-Jul-20	3 years	0%	59%	5.75%	\$0.0000	\$0.9600
113,636	22-Sep-20	3 years	0%	67%	2.25%	\$0.0000	\$1.0500
2,275,500	27-Nov-20	4 years	0%	62%	0.25%	\$0.0000	\$0.9050
2,275,500	27-Nov-20	4 years	0%	62%	0.25%	\$0.0000	\$0.9050
57,172	17-Dec-20	2 years	0%	67%	2.25%	\$0.0000	\$1.0200
1,250,000	17-Dec-20	4 years	0%	62%	0.25%	\$0.0000	\$1.0200
1,250,000	17-Dec-20	4 years	0%	61%	0.25%	\$0.0000	\$1.0200

E. OPTIONS

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

(a) Summary of options granted by the Group

	2020 Number	2020 WAEP*	2019 Number	2019 WAEP*
Outstanding at the beginning of the year	11,873,828	\$0.3163	18,692,437 ^a	\$0.2364
Granted during the year	1,117,891	\$0.6486	1,000,000 ^b	\$0.2594
Exercised during the year	(7,900,000)	\$0.2998	(6,078,125)	\$0.1267
Lapsed/cancelled during the year	(250,000)	\$0.2400	(2,000,000)	\$0.1250
Outstanding at the end of the year	4,841,719	\$0.4228	11,873,828	\$0.3163
Exercisable at the end of the year	4,841,719	\$0.4228	1,223,828	\$0.4300

*WAEP = weighted average exercise price

The share options outstanding at the end of the year had a weighted average remaining contractual life of 374 days (31 December 2019: 469 days).

^a1,223,828 opening performance rights from 2019 have been reclassified as options.

^b259,516 options granted in 2019 have now been reclassified as performance rights. They are now included in Note 31D(a) above.

30 SHARE-BASED PAYMENTS (CONTINUED)

E. SHARE OPTIONS (CONTINUED)

(b) Fair value of options granted

The fair value of the options granted during the period was determined using the Black-Scholes and Monte Carlo Simulation pricing methods.

Further details of the basis of valuation appear below. During the year the company granted 867,891 options, with a fair value of \$396,422, to Directors and employees under the Incentive Plan (31 December 2019: 1,259,516) in addition to 250,000 options, with a fair value of \$98,350, to a third party.

Number issued	Grant date	Original expiry period	Dividend yield	Expected volatility	Risk-free interest rate	Exercise price	Share price on grant date
131,578	9-Jan-20	4 years	0%	54%	2.75%	\$0.6061	\$0.4350
250,000	29-Apr-20	4 years	0%	67%	3.25%	\$0.7346	\$0.7400
657,894	29-May-20	4 years	0%	67%	3.25%	\$0.6061	\$0.8400
78,419	2-Jul-20	4 years	0%	66%	3.25%	\$0.7309	\$0.8850

30 SHARE-BASED PAYMENTS (CONTINUED)

E. OPTIONS AND PERFORMANCE RIGHTS BALANCES

The outstanding balance of performance rights as at 31 December 2020 is presented in the following table.

Grant date	Vesting date	Expiry date	Exercise price	Number of performance rights				
				Granted	Lapsed / Cancelled	Exercised	On issue	Vested
28-Dec-18	When the Company achieves the certain milestones in relation to its Sanbrado Gold Project within 12 months of the date the rights were issued	28-Dec-21	\$0.0000	1,022,565	-	-	1,022,565	1,022,565
28-Dec-18	First gold pour and commercial production	28-Dec-23	\$0.0000	944,167	-	-	944,167	944,167
14-Feb-19	Hold continuous office as a director of the Company for 1 year from the date the rights were issued	14-Feb-21	\$0.0000	259,516	-	(259,516)	-	-
07-Jul-19	When KPIs are achieved	01-Jun-22	\$0.0000	61,047	-	-	61,047	61,047
9-Jan-20	Hold continuous office as an employee or a director of the Company for 1 year from the date the rights were issued	20-Jan-23	\$0.0000	963,948	-	-	963,948	-
9-Jan-20	When KPIs are achieved and hold continuous office as an employee of the Company for 2 years from the date the rights were issued	20-Jan-23	\$0.0000	263,157	(8,668)	-	254,489	-
9-Jan-20	500,000oz gold poured within 3 years from the date the rights were issued	20-Jan-23	\$0.0000	131,578	-	-	131,578	-
29-May-20	Hold continuous office as a director of the Company for 1 year from the date the rights were issued	11-Jun-22	\$0.0000	44,278	-	(44,278)	-	-
29-May-20	Hold continuous office as an employee of the Company for 1 year from the date the rights were issued	11-Jun-23	\$0.0000	334,927	-	-	334,927	-
29-May-20	When KPIs are achieved and hold continuous office as an employee of the Company for 2 years from the date the rights were issued	11-Jun-23	\$0.0000	550,239	(18,125)	-	532,114	-
29-May-20	500,000oz gold poured within 3 years from the date the rights were issued	11-Jun-25	\$0.0000	657,894	-	-	657,894	-
2-Jul-20	When KPIs are achieved and hold continuous office as an employee of the Company for 2 years from the date the rights were issued	8-Jul-23	\$0.0000	182,978	(6,027)	-	176,951	-
2-Jul-20	500,000oz gold poured within 3 years from the date the rights were issued	8-Jul-25	\$0.0000	78,419	-	-	78,419	-

30 SHARE-BASED PAYMENTS (CONTINUED)

E. OPTIONS AND PERFORMANCE RIGHTS BALANCES (CONTINUED)

Continuation of table from previous page.

Grant date	Vesting date	Expiry date	Exercise price	Number of performance rights				
				Granted	Lapsed / Cancelled	Exercised	On issue	Vested
29-May-20	Hold continuous office as a director of the Company for 1 year from the date the rights were issued	8-Jul-22	\$0.0000	137,822	-	-	137,822	-
8-Jul-20	When KPIs are achieved and hold continuous office as an employee of the Company for 2 years from the date the rights were issued	8-Jul-23	\$0.0000	75,358	(2,482)	-	72,876	-
22-Sep-20	When KPIs are achieved and hold continuous office as an employee of the Company for 2 years from the date the rights were issued	29-Sep-23	\$0.0000	113,636	(26,878)	-	86,758	-
27-Nov-20	8-Dec-23	8-Dec-24	\$0.0000	2,272,500	-	-	2,272,500	-
27-Nov-20	Hold office as an employee of the Group until the first time the volume weighted average price of WAF Shares for a 20 trading day period is \$2.00 or higher within 3 years from the date of issue of the rights	8-Dec-24	\$0.0000	2,272,500	-	-	2,272,500	-
17-Dec-20	Hold continuous office as a director of the Company for 1 year from the date the rights were issued	17-Dec-22	\$0.0000	57,172	-	-	57,172	-
17-Dec-20	17-Dec-23	17-Dec-24	\$0.0000	1,250,000	-	-	1,250,000	-
17-Dec-20	Hold continuous office as an employee or Director of the Company until the first time the volume weighted average price of WAF Shares for a 20 trading day period is \$2.00 or higher within 3 years from the date of issue of the rights	17-Dec-24	\$0.0000	1,250,000	-	-	1,250,000	-
Total Performance Rights				12,923,701	(62,180)	(303,794)	12,557,727	2,027,779

30 SHARE-BASED PAYMENTS (CONTINUED)

E. SHARE OPTIONS (CONTINUED)

The outstanding balance of options as at 31 December 2020 is presented in the following table:

Grant date	Vesting date	Expiry date	Exercise price	Number of options				
				Granted	Lapsed / Cancelled	Exercised	On issue	Vested
21-Mar-17	First gold production	21-Mar-20	\$0.2400	400,000	(250,000)	(150,000)	-	-
12-May-17	First gold production	12-May-20	\$0.2400	500,000	-	(500,000)	-	-
18-Oct-17	First gold production	18-Oct-20	\$0.3750	750,000	-	(750,000)	-	-
03-Nov-17	First gold production	09-Nov-20	\$0.2400	2,750,000	-	(2,750,000)	-	-
29-Mar-18	First gold production	29-Mar-21	\$0.4100	1,250,000	-	(1,000,000)	250,000	250,000
26-Sep-18	First gold production	26-Sep-21	\$0.3100	500,000	-	-	500,000	500,000
28-Nov-18	First gold production and first concrete pour for the plant	28-Nov-21	\$0.3100	1,000,000	-	-	1,000,000	1,000,000
28-Dec-18	First gold pour and commercial production	28-Dec-21	\$0.3200	2,500,000	-	(2,000,000)	500,000	500,000
28-Dec-18	When the company's share price first equals the option exercise price (\$0.4300)	28-Dec-22	\$0.4300	1,223,828	-	-	1,223,828	1,223,828
05-Mar-19	First gold pour and commercial production	05-Mar-22	\$0.2950	1,000,000	-	(750,000)	250,000	250,000
20-Jan-20	When the company's share price first equals the option exercise price (\$0.6061)	20-Jan-24	\$0.6061	131,578	-	-	131,578	131,578
29-Apr-20	29 April 2020	29-Apr-24	\$0.7346	250,000	-	-	250,000	250,000
11-Jun-20	When the company's share price first equals the option exercise price (\$0.6061)	11-Jun-24	\$0.6061	657,894	-	-	657,894	657,894
2-Jul-20	When the company's share price first equals the option exercise price (\$0.7309)	8-Jul-24	\$0.7309	78,419	-	-	78,419	78,419
Total options				12,991,719	(250,000)	(7,900,000)	4,841,719	4,841,719

31 PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	2020	2019
	\$'000	\$'000
STATEMENT OF FINANCIAL POSITION		
Current assets	16,579	18,258
Non-current assets	82,620	77,011
Total assets	99,199	95,269
Current liabilities	990	1,998
Non-current liabilities	272	57
Total liabilities	1,262	2,056
Net assets	97,937	93,213
Equity		
Issued capital	165,263	162,919
Reserves	9,948	7,917
Accumulated losses	(77,274)	(77,623)
Total equity	97,937	93,213
PROFIT FOR THE REPORTING PERIOD		
Income tax benefit	-	-
Total comprehensive profit	37	23,219

Guarantees, commitments and contingencies

There are no guarantees, commitments or contingencies in the parent entity other than \$194,507 of rental property lease commitments due within one year (31 December 2019: \$187,006).

DIRECTORS' DECLARATION

In the opinion of the Directors:

- a. The financial statements, notes and the additional disclosures included in the Directors' Report, designated as audited, of the consolidated entity are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and Corporations Regulations 2001.
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c. The financial statements also comply with International Financial Reporting Standards as disclosed in note 1A.

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 2020.

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



RICHARD HYDE

Executive Chairman & CEO

26 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of West African Resources Limited for the year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
26 March 2021

B G McVeigh
Partner

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INDEPENDENT AUDITOR'S REPORT

To the members of West African Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of West African Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

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Key Audit Matter	How our audit addressed the key audit matter
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<p>Property, plant and equipment Note 10 to the financial report</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We evaluated the Group’s processes and controls in place with respect to purchasing. • Assessment of the allocation of costs between operating expenditure and capital expenditure by inspecting documentation on a sample basis and assessing the nature of the underlying activity. • Challenging the Group’s determination of commercial production declaration from 1 May 2020 by evaluating the criteria by which the declaration was made against the underlying documentation and industry practice. • Assessing the disclosures in the financial report against the requirements of the accounting standards. • Consideration of any Impairment indicators
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The Sanbrado Gold Project transitioned from the development phase to the production phase during the year. The existence, accuracy and completeness of capitalised expenditure incurred as part of the development and construction of the Sanbrado Gold Project was considered a key audit matter. This is due to the size of the capitalised expenditure of \$329,587,000.

The Group used judgement in the identification and allocation of cost between operating expenditure and capitalised expenditure. The risks we focussed on included:

- The existence of capital expenditure; and
- The capital nature of expenditure particularly the determination of when the Sambrado Gold Project was considered capable of operating at commercial production and in a manner intended by the Group.

<p>Revenue recognition Notes 3 to the financial report</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • Understanding the Group’s process for revenue and controls in place around gold sales. • Testing all gold sales transactions during the year to invoice and receipt of cash. • Assessing the Group’s policies for recognition of revenue against the requirements of the accounting standards and checked these were adequately disclosed in the financial statements. • Sales cut-off procedures focussing on sales in December 2020 and January 2021, testing a sample of transactions to underlying documentation and assessing the period in which they were recognised.
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The Group generates revenue predominantly from the sale of gold. The Group recognised sales revenue of \$311,167,000 for the year (2019: \$1,239,000).

Revenue recognition is considered to be a key audit matter given the significance of revenue to the Group’s results as well as the fraud risk around cut-off including:

- An overstatement of revenues through premature revenue recognition or recording of fictitious revenues.
- Revenue not being recognised when control is transferred to the customer, resulting in revenue not being recognised in the correct accounting period.

Revenue is recognised when control is transferred to the buyer and the amount of revenue can be reliably determined. This occurs for the Group when the refining process is completed and ownership is transferred.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of West African Resources Limited for the year ended 31 December 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
26 March 2021



B G McVeigh
Partner

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 12 March 2021.

DISTRIBUTION OF SHARES

Distribution	Number of holders	Securities held
1 – 1,000	534	288,849
1,001 – 5,000	1,270	3,594,282
5,001 – 10,000	764	6,278,189
10,000 – 100,000	1,479	52,065,028
100,001 – and over	372	820,571,527
Total	4,419	882,797,875

The number of shareholdings held in less than marketable parcels is 262.

SUBSTANTIAL SHAREHOLDERS

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below.

	Shareholder Name	No. of shares held	% Holding
1	VANECK ASSOCIATES CORPORATION	96,355,007	10.9%
2	L1 CAPITAL PTY LTD	66,733,887	7.6%
3	SPROTT INC.	45,648,659	5.2%
4	VANGUARD GROUP	44,624,433	5.1%
	Total	253,361,986	28.7%

TWENTY LARGEST SHAREHOLDERS

	Shareholder Name	No. of shares held	% Holding
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	259,299,708	29.37%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	122,933,748	13.93%
3	CITICORP NOMINEES PTY LIMITED	54,678,863	6.19%
4	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	41,337,178	4.68%
5	BNP PARIBAS NOMS PTY LTD <DRP>	32,833,202	3.72%
6	MR PHILLIP RICHARD PERRY	28,235,834	3.20%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	23,317,629	2.64%
8	MR RICHARD HYDE	19,353,433	2.19%
9	NATIONAL NOMINEES LIMITED	18,730,825	2.12%
10	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	16,201,750	1.84%
11	AIGLE ROYAL CAPITAL PTY LTD <AIGLE ROYAL CAPITAL DIS A/C>	14,100,000	1.60%
12	STICHTING LICHFIELD US\C <A/C 051 52041 9>	13,250,000	1.50%
13	ZERO NOMINEES PTY LTD	12,500,000	1.42%
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	12,444,461	1.41%
15	AIGLE ROYAL CAPITAL PTY LTD <AIGLE ROYAL CAPITAL DIS A/C>	8,900,000	1.01%
16	UBS NOMINEES PTY LTD	5,064,934	0.57%
17	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,883,292	0.55%
18	MR GRAEME JOHN HAINES + MRS SHARNI GAY HAINES + MR MALCOLM ARNOLD HAINES <G & S HAINES SF A/C>	4,760,700	0.54%
19	LUJETA PTY LTD <THE MARGARET ACCOUNT>	3,846,154	0.44%
20	MAJI INVESTMENTS PTY LTD	2,001,717	0.23%
	Total	698,673,428	79.14%

STOCK EXCHANGE LISTING

Listing has been granted for the ordinary shares (ASX code: WAF) of the Company on the Australian Securities Exchange Limited "ASX") with 882,797,875 ordinary shares on the Company's register.

VOTING RIGHTS

All shares carry one vote per unit without restriction.

UNLISTED OPTIONS

12,127,848 options and performance rights are held by 33 option holders.

Neither options nor performance rights carry a right to vote.

SUMMARY OF TENEMENTS

AT 11 MARCH 2021

Tenement name	Registered holder	% held	Tenement number	Grant date	Expiry date	Tenement type	Area (km ²)	Geographical location
Damongto ⁴	Wura Resources Pty Ltd SARL	100%	No 2018-184/MMC/SG/DGCM	5-Sep-18	1-Mar-21	EL	26	Ganzourgou Province
Goudré ¹	Wura Resources Pty Ltd SARL	100%	No 2018-186/MMC/SG/DGCM	5-Sep-18	23-Mar-21	EL	175	Ganzourgou Province
Manessé II	Tanlouka SARL	100%	N2020-254/MMC/SG/DGCM	13-Nov-20	12-Nov-23	EL	86.67	Ganzourgou Province
Bollé ²	Wura Resources Pty Ltd SARL	100%	No 17 – 223//MMC/SG/DGCM	21-Nov-20	20-Nov-20	EL	205.5	Ganzourgou Province
Zam Sud ⁴	Wura Resources Pty Ltd SARL	100%	No 2018-183/MMC/SG/DGCM	5-Sep-18	1-Mar-21	EL	17.46	Ganzourgou Province
Diakora ²	Jean Donessoune	100%	No 2017-140/MMC/SG/DGCM	7-Sep-17	6-Sep-20	EL	58.66	Comoe Province
Dounougou ²	Jean Donessoune	100%	No 2017-139/MMC/SG/DGCM	7-Sep-17	6-Sep-20	EL	132.57	Comoe Province
Tieradeni I ²	Jean Donessoune	100%	No 2017-138/MMC/SG/DGCM	7-Sep-17	6-Sep-20	EL	141.5	Comoe Province
Nakomgo ³	Kiaka Gold SARL	100%	No 2017-179/ MMC/SG/DGCM	24-Oct-17	23-Oct-20	EL	249.19	Bazega and Ganzourgou Provinces
Mankarga V3	Jacques Teegawêndé Zongo	100%	No 2020-170/ MMC/SG/DGCM	16-Jul-20	15-Jul-23	EL	52.595	Ganzourgou Province
Sanbrado	Société des Mines de Sanbrado SA	90%	Décret No 2017 – 104/PRES/PM/MEMC/MINEFID/MEEVCC Arrêté No 2018-139/MMC/SG/DGMG	13-Mar-17	12-Mar-24	ML	25.9	Ganzourgou Province

¹Exceptional renewal application in progress.

² Permit renewal has been approved. Waiting for the new permit order to be issued.

³ Permit renewal approval pending.

⁴ Permit renouncement in progress.



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