

2021 WEST  
AFRICAN  
RESOURCES  
LIMITED



# Annual Report



# Corporate Directory

## Company

West African Resources Limited

## ABN

70 121 539 375

## ASX

ASX trading code: **WAF**

## Directors

### Richard Hyde

Executive Chairman and CEO

### Lyndon Hopkins

Executive Director and COO

### Rod Leonard

Lead Independent Director

### Libby Mounsey

Non-Executive Director

### Nigel Spicer

Non-Executive Director

### Stewart Findlay

Non-Executive Director

## Company Secretary

Padraig O'Donoghue

## Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St George's Terrace  
Perth WA 6000 Australia  
T: +61 (8) 9323 2000

## Website

[www.westafricanresources.com](http://www.westafricanresources.com)

## Principal place of business

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Subiaco WA 6008 Australia

## SOMISA office

Secteur 27, Quartier Ouayalghin,  
Parcelle 07, Lot 22, Section SL,  
Ouagadougou, Burkina Faso

T: +226 25 39 58 45

## Kiaka SA office

Secteur 53, Parcelle 06,  
Lot 12, Section 480, Zone A7  
Ouagadougou, Burkina Faso

T: +226 25 37 49 74/75/76

## Auditors

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

## Contents

Chairman's Letter	2
2021 In Brief	4
Directors' Report	6
Remuneration Report (Audited)	34
Financial Report	48
Consolidated Statement of Profit or Loss and Other Comprehensive Income	49
Consolidated Statement of Financial Position	50
Consolidated Statement of Changes In Equity	51
Consolidated Statement of Cash Flows	52
Notes to the Consolidated Financial Statements	53
Directors' Declaration	90
Auditor's Independence Declaration	91
Independent Auditor's Report	92
ASX Additional Information	97
Summary of Tenements	99



Dear Fellow Shareholders,

I am pleased to present the 2021 Annual Report for West African Resources Limited (ASX: WAF).

WAF had another successful year in 2021 operationally, financially and in terms of strategic positioning for future growth.

Operationally, our team safely achieved the Company's 2021 annual guidance targets during the global pandemic. Sanbrado produced 288,719 ounces of gold at an average AISC of US\$796/oz, which were 112% and 22% improvements, respectively, on the prior year. Sanbrado remained LTI free with 9.8 million hours worked since April 2019 and had an outstanding 12-month total reportable injury frequency rate of 0.78 for 2021.

Financially, WAF generated very strong results during its second year as a gold producer with A\$350 million of operating cash flow, A\$189 million of free cash flow,

and a A\$214 million after tax profit. We ended the year with A\$183 million cash and nil senior secured debt, after repaying US\$175 million of the Taurus debt facility during the year and buying back the Taurus offtake agreement in November 2021.

The standout growth achievement in 2021 was acquiring the Kiaka Gold Project in Burkina Faso from B2Gold and their partner GAMS for US\$100 million in staged cash and share payments plus a future 3% NSR royalty on the first 2.5 million ounces produced from Kiaka and 0.5% NSR royalty on the next 1.5 million ounces. Kiaka is a fully licenced gold project located just 45 km south of Sanbrado. B2Gold completed extensive unpublished feasibility study work on Kiaka that has been provided to WAF as part of the purchase. Kiaka currently contains a Mineral Resource of 6.8 million ounces of gold. WAF's updated feasibility study for Kiaka is on track to be published in June 2022 and is expected to result in a substantial increase in the Company's Ore Reserves.

During 2021 WAF completed the acquisition of the Toega gold deposit from B2Gold and GAMS and completed Toega's maiden Ore Reserve estimate of 580,000 ounces of gold at 1.9 g/t gold. Toega is located 14 km trucking distance from Sanbrado and ore from Toega is a significant component of mill feed in Sanbrado's 10-year mine plan.

The acquisitions of Kiaka and Teoga have consolidated an exciting 2,000 km<sup>2</sup> exploration land package over the prospective Markoyé fault region in central and

southern Burkina Faso. In addition to completing the feasibility work on Kiaka and Toega, exploration work in 2022 will focus on targets within the Sanbrado mining area (including M1 South main shoot extensions) and surrounding areas that can provide high-grade oxide feed.

The cash consideration paid for Kiaka and Toega, and the repayment of the Taurus debt facility were partially funded by a A\$126 million share placement to sophisticated investors, and a A\$10 million share purchase plan that allowed WAF shareholders to purchase up to A\$30,000 each at the same \$1.25 per share price that the sophisticated shareholders paid under the placement. The placement and SPP, which were both well over-subscribed, were completed in November 2021.

I am pleased to advise that West African Resources has published its inaugural 2021 Sustainability Report at the same time as this Annual Report. While this Annual Report contains key sustainability highlights, I encourage interested parties to obtain a copy of the full 2021 Sustainability Report, which is available electronically from the Company's website.

West African Resources Limited is committed to Burkina Faso and to operating in a manner that will provide widespread economic benefits for the Burkina Faso Government, local and regional communities, and our other stakeholders. Looking forward, as announced on 22 February 2022, Sanbrado's strong performance is set to continue in 2022 with unhedged production

guidance of 220,000 to 240,000 ounces of gold at an AISC of US\$1,040 to US\$1,100 per ounce. The updated 10-year production outlook for Sanbrado is set to average 198,000 ounces of gold per annum. Sanbrado is set to deliver strong employment and other benefits to the region as well as sustained significant tax and royalty revenues to the government's treasury past the year 2033. Meanwhile, we are excited to commence construction at Kiaka and this operation will also make a significant contribution to the regional economy and national treasury. We are targeting +400,000 ounces of gold production per annum from 2025, with the addition of Kiaka to existing operations at Sanbrado.

WAF's strong and experienced board remained stable in 2021. The only change occurred in February 2021, with the elevation of Mr Rod Leonard to the role of Lead Independent Director to enhance the Company's governance structure. I would like to thank my fellow directors for their keen interest and active participation in overseeing the development of our Company. We look forward to another successful year in 2022.

**Richard Hyde**  
Executive Chairman & CEO

# Chairman's Letter



**West African Resources 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.**

## Q1 2021



First scheduled mandatory debt repayment to Taurus



Inaugural production guidance set at 250,000-280,000 ounces gold at AISC of US\$720 – US\$800/oz

## Q2 2021



Second underground ore panel brought on-line at M1 South for delivering continuous stoping production

## Q3 2021



8,000,000 hours worked LTI free at Sanbrado

## Q4 2021



Resources grew to 11.8Moz gold with acquisition of 6.8Moz Kiaka Gold Project



A\$126 million raised with issue of 101 million shares at \$1.25 per share



Taurus US\$200 million debt facility repaid in full



400,000 ounces of gold produced since commissioning Sanbrado in March 2020



Production guidance exceeded with 287,700oz gold produced at US\$796/oz AISC

# 2021 in Brief

	2021	2020	% Change
Gold production	288,719 ounces	136,476 ounces	112% improvement
AISC per ounce	US\$796	US\$1,024	22% improvement
Net profit	A\$214.4 million	A\$98.9 million	117% improvement
Year-end gold Resources	11.6 million ounces	5.1 million ounces	127% improvement
Year-end gold Reserves	1.7 million ounces	1.5 million ounces	13% improvement

# 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 2021.



## Operating Review

### About West African Resources Limited

West African Resources Limited is an international mining company actively undertaking exploration, project development, mining, mineral processing, community & social sustainability, and rehabilitation within the West African country of Burkina Faso. Headquartered in Perth, Western Australia, West African Resources Limited is listed on the Australian Securities Exchange (ASX:WAF).

BURKINA FASO			WESTERN AUSTRALIA
<b>SANBRADO GOLD PROJECT</b>	<b>KIAKA GOLD PROJECT</b>	<b>EXPLORATION</b>	<b>PERTH OFFICE</b>
<ul style="list-style-type: none"> <li>» Mineral Resources: 4.8Moz gold</li> <li>» Mineral Reserves: 1.7Moz gold</li> <li>» Commercial production 1H 2020</li> <li>» Open pit mining</li> <li>» Underground mining</li> <li>» Ore processing</li> <li>» Gold smelting</li> <li>» Toega feasibility study</li> <li>» Gold exploration</li> <li>» Community &amp; social programs</li> <li>» Environmental programs</li> <li>» Progressive rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>» Mineral Resources: 6.8Moz gold</li> <li>» Acquired Q4 2021</li> <li>» Large-scale development project</li> <li>» Fully permitted</li> <li>» Feasibility study update</li> <li>» Construction early works</li> <li>» Gold exploration</li> <li>» Community &amp; social programs</li> <li>» Environmental programs</li> </ul>	<ul style="list-style-type: none"> <li>» Tenement portfolio comprising 2,000 km<sup>2</sup> over the prospective Markoyé fault region in central and southern Burkina Faso</li> <li>» Gold exploration</li> </ul>	<ul style="list-style-type: none"> <li>» WAF Group headquarters</li> <li>» Business support centre</li> </ul>

The Sanbrado Gold Project ('Sanbrado') and the Kiaka Gold Project ('Kiaka') are held under mining licences and are 90%-owned by WAF, with the government of Burkina Faso owning the remaining 10%. All exploration licences in WAF's portfolio are 100%-owned by WAF. The Toega gold deposit ('Toega') is currently held under a 100%-owned exploration licence, with the application for a mining licence in progress.

Sanbrado is located in central Burkina Faso, 90 km east-southeast of the capital city of Ouagadougou. Kiaka is located 110 km southeast of Ouagadougou and 45 km south of Sanbrado (refer to figure 7). Toega is located within trucking distance (14 km southwest) of the Sanbrado processing plant. WAF has an approximately 2,000 km<sup>2</sup> exploration land package over the prospective Markoyé fault region where Sanbrado, Toega, and Kiaka are situated, as well as an exploration tenement package in the southwest of the country.

### Safety

The Company is pleased to report Sanbrado's outstanding safety performance for 2021:

- » There were no significant health or safety incidents during the year (2020: nil).
- » The 2021 annual TRIFR (Total Recordable Injury Frequency Rate) was 0.78 (2020: 2.6) versus Western Australian average RWI was 7.1 in 2020<sup>1</sup>.

### Burkina Faso 3-year transitional government

Post year end, on 24 January 2022, a military group called the Patriotic Movement for Safeguard and Restoration, led by Lieutenant-Colonel Paul-Henri Sandaogo Damiba, assumed control of the government, deposed Mr Roch Marc Christian Kaboré from his position as president of Burkina Faso, and subsequently dissolved the parliament, government and constitution. Shortly after these events, on 31 January, the group restored the constitution and appointed Paul-Henri Sandaogo Damiba as interim president.

On 1 March 2022, Interim President Damiba signed a charter setting out the structure and objectives of a 36-month transition government which he will lead as President of the Transition. The charter specifies the missions of the transition government, summarised as follows:

- » to fight against terrorism and restore the integrity of the national territory;
- » to provide an effective and urgent response to the humanitarian and socio-economic crisis caused by the insecurity;

- » to enact reforms to strengthen governance and fight against corruption;
- » to ensure a return to a democratic government; and
- » to work towards national reconciliation and social cohesion.

The charter also stipulates that the President of the Transition and other senior members of the transition government are not eligible for the presidential, legislative, and municipal elections that will be held to end the transition period.

On 25 January 2022, WAF released a statement on the ASX that its staff and contractors were safe and the Company's Sanbrado Gold Operations in Burkina Faso were continuing to operate as usual. The directors are pleased to advise no change from that situation and the Company's observation is that government bureaus continue to operate normally and no controversial legislative changes have been proposed.

### COVID-19

Continuous mining and milling operations were maintained at Sanbrado during 2021, with management having implemented measures to manage COVID-19 risks for the foreseeable future. The COVID-19 situation remained stable in Burkina Faso during 2021 with low numbers of daily infections in the country. The Company maintained its vigilance in following health guidelines related to hygiene, masks, testing, monitoring, and isolation for staff, contractors, and site visitors.

<sup>1</sup> Department of Mines, Industry Regulation and Safety, 2021, Safety performance in the Western Australian mineral industry – accident and injury statistics 2020-21: Department of Mines, Industry Regulation and Safety, Western Australia. <https://www.dmp.wa.gov.au/Documents/Safety/Safety%20performance%20in%20the%20Western%20Australian%20mineral%20industry%202020-21%20-%20report.pdf>

## Sanbrado production statistics

A year-on-year comparison of the key production statistics for Sanbrado are shown in the following table.

	Unit	Year 2021	Year 2020
<b>OP mining</b>			
Total movement	BCM '000	9,426	8,909
Total movement	kt	24,138	21,415
Strip ratio	w:o	5.9	5.1
Ore mined	kt	3,518	3,494
Mined grade	g/t	1.9	1.3
Contained gold	oz	210,132	145,803
<b>UG mining</b>			
Ore mined	kt	372	119
Mined grade	g/t	9.5	10.0
Contained gold	oz	113,259	38,232
<b>Processing</b>			
Ore milled	kt	3,155	2,616
Head grade	g/t	3.0	1.7
Recovery	%	94.5	93.4
<b>Gold produced</b>			
Gold poured	oz	288,719	136,476
<b>Gold sold</b>	oz	<b>295,215</b>	118,093

A site layout of the Sanbrado project is shown below in figure 1.



FIGURE 1 – SANBRADO LAYOUT

## Open pit mining

Gold ounces mined from open pit mining increased 44% from 145,803 ounces in 2020 to 210,132 ounces in 2021, mainly due to a 43% increase in mined grade from 1.3 to 1.9 g/t gold. Open pit mined ore tonnes of 3.5 million was consistent with the prior year. Mining occurred at the M1 South, M1 North, M5 South and M5

North open pits during 2021. The increase in open pit mined grade reflects a greater proportion of ore from the higher-grade M1 deposits in 2021. Consistent with the prior year, construction of the tailings storage facility for the processing plant utilised waste material from the M5 pit during 2021.

A long section through M5 is shown below in figure 2.

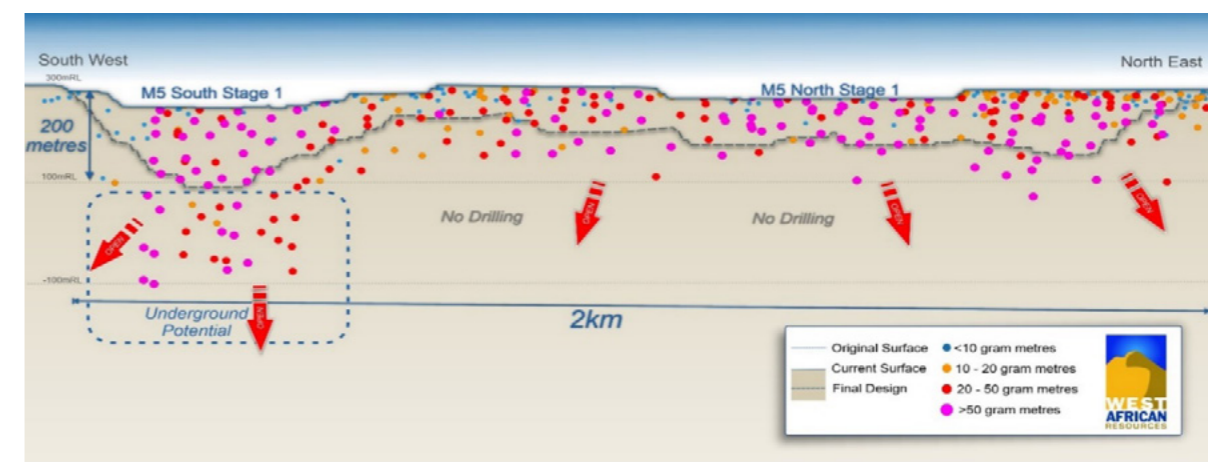


FIGURE 2 – LONG SECTION THROUGH THE M5 PIT

## Underground mining

Gold ounces mined from the M1 South underground increased 196% from 38,232 ounces in 2020 to 113,259 ounces in 2021, with tonnes mined increasing 213% from 119,000 to 372,000 tonnes. The underground mined grade was relatively stable at 9.5 g/t gold compared to 10 g/t gold in 2020. For most of 2020, underground ore was sourced from

development headings with first underground stoping ore mined from panel-1 in late September 2020. Mining from panel-2 commenced in late Q2 2021, which enabled more continuous stope production from two ore panels for the remainder of 2021.

Some 3.2 km of development was completed in 2021 (2020: 2.6 km). At the end of 2021 the decline was 385 metres vertically below surface (2020: 297 metres).



FIGURE 3 – INSTALLING MESH AT M1 SOUTH

## Processing

Gold ounces produced at Sanbrado increased 112% from 136,476 ounces in 2020 to 288,719 ounces in 2021. The increase reflects a 76% higher head grade, a 21% increase in ore tonnes milled, and a 1.2% improvement in recovery. The head grade improved from 1.7 g/t gold in 2020 to 3.0 g/t gold in 2021 mainly due to a greater proportion of ore feed

from the higher-grade M1 deposits. The quantity of ore milled improved from 2,616,000 tonnes in 2020 to 3,155,000 tonnes in 2021, mainly due to a shorter production period in the prior year, with commissioning of the process plant commencing in March of the prior year.

Photographs of the Sanbrado process plant and accommodation camp are provided below in figures 4 and 5.



FIGURE 4 – SANBRADO PROCESS PLANT



FIGURE 5 – SANBRADO ACCOMMODATION CAMP WITH PROCESS PLANT IN BACKGROUND

## Growth

### KIAKA AND TOEGA ACQUISITIONS

On 30 November 2021 closing occurred under the share purchase agreements (SPAs) for WAF's acquisitions of:

- » 90% of Kiaka from B2Gold Corp ('B2Gold') and their partner, GAMS-Mining F&I Ltd ('GAMS'), with the remaining 10% held by the Government of Burkina Faso; and
- » 100% interest in Kiaka Gold SARL, an exploration company incorporated in Burkina Faso that holds the Nakomgo Exploration Permit in which the Toega deposit is located.

Further explanation of the Kiaka and Toega acquisition transactions are contained in the "Financial Review" section of this report.

### KIAKA GOLD PROJECT

Kiaka is a fully permitted gold mining project located 110 km southeast of the Burkina Faso capital, Ouagadougou, and approximately 45 km south of

WAF's Sanbrado Gold Operations. It is accessed from Ouagadougou via 100 km of sealed road, and then by 30 km of all-weather dirt road to site.

B2Gold completed extensive unpublished feasibility study work on Kiaka between 2015 and 2020. WAF has commenced work programs for an updated feasibility study and updates to the ESIA (Environmental and Social Impact Assessment) and RAP (Relocation Action Plan), leveraging off the in-depth work already completed by B2Gold.

Kiaka currently contains a Mineral Resource of 6.8 million ounces of gold (refer to Resource and Reserves Statement on pages 25 to 26). WAF's updated feasibility study for Kiaka is on track to be published in June 2022 and is expected to result in a substantial increase in the Company's Ore Reserves.

Site work at Kiaka in 2022 will include early construction works aimed at the upgrade of site access roads, construction of camp facilities, and commencement of community projects.

A schematic diagram of Kiaka's block model is provided below in figure 6.

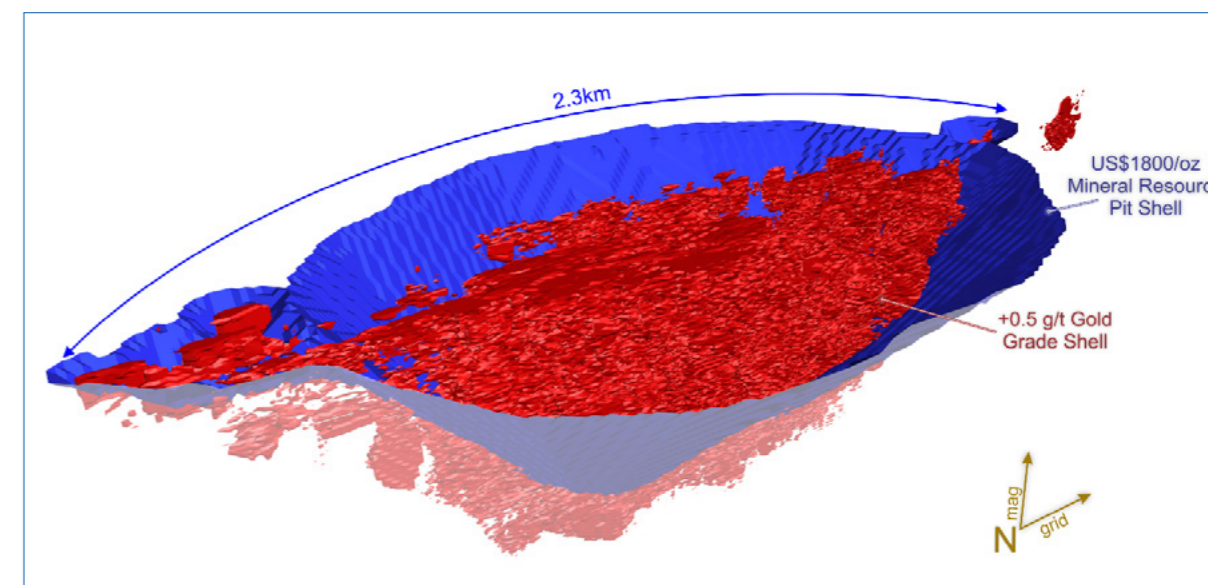


FIGURE 6: KIAKA BLOCK MODEL +0.5 G/T AU GRADE SHELL

## TOEGA DEPOSIT

The Toega gold deposit is located within trucking distance (14 km southwest) of the Sanbrado gold processing plant.

On 22 February 2022 WAF announced on the ASX that it had completed work to report a maiden Ore Reserve for Toega of 9.7 million tonnes at a grade of 1.9 g/t gold for 580,000 contained ounces with a strip ratio (waste : ore) of 5.4:1. Work completed to enable the Ore Reserve estimate for the Toega deposit included:

- » Infill drilling program in the area identified as economically extractable by open-pit mining methods.
- » Mineral Resource estimate completed by independent resource consultants, International Resource Solutions Pty Ltd (IRS). The estimate included Mineral Resources of the Indicated category.
- » Additional metallurgical test work conducted on representative samples to confirm historic test work results and process throughput through the Sanbrado process plant.

- » A geotechnical drilling program, test work and evaluation were conducted to feasibility study level.
- » Hydrological and hydrogeological studies.
- » Updated environmental and social studies.
- » Mine plan and pit design completed.

## M1 GOLD DEPOSITS

Strike extensions to the north and south of the currently defined M1 deposits are planned to be tested in 2022 as part of the resource definition drill program. A mineralised zone continuing under the northern portion of the open pit will also be drilled to enable resources estimation and evaluation for potential mining in the future.

## STRATEGIC EXPLORATION POSITION

With the acquisition of Kiaka and Toega in 2021, WAF has consolidated an exciting 2,000 km<sup>2</sup> exploration land package over the prospective Markoyé fault region in central and southern Burkina Faso.

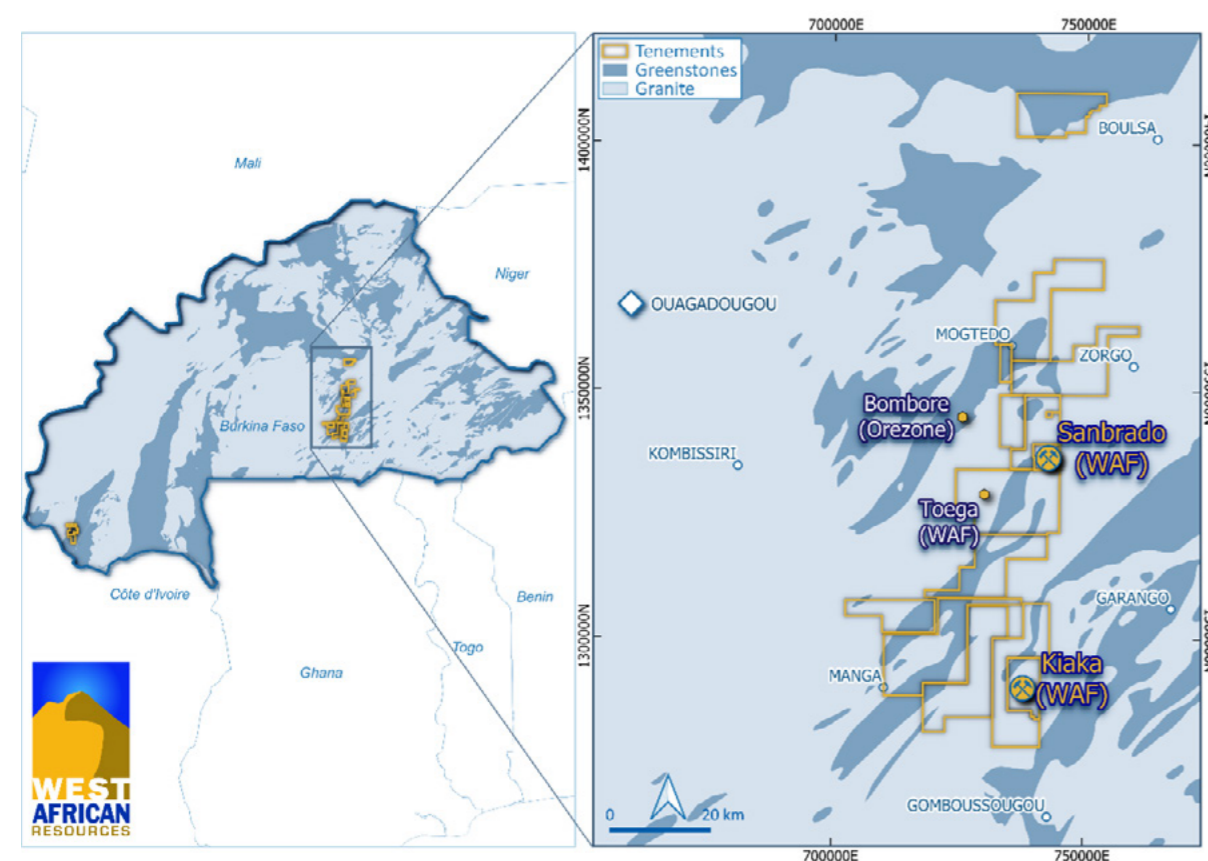


FIGURE 7: MAP SHOWING LOCATION OF WAF'S MINERAL INTERESTS IN BURKINA FASO



# Sustainability Review

In conjunction with this Annual Report, WAF has published its inaugural 2021 Annual Sustainability Report, which was prepared following the Global Reporting Initiative (GRI) 2021 Universal Standards for sustainability reporting. This Annual Report presents some of the key highlights from our 2021 Annual Sustainability Report, however interested parties are encouraged obtain a copy of our full 2021 Annual Sustainability Report from the Company's website.



## Our community

### SUSTAINABLE DEVELOPMENT GOALS

In 2021, WAF invested \$3.8 million in community development initiatives, resettlement and livelihood restoration, and community relations activities. Our community development programs and environmental initiatives considered and were guided by:

- » the overarching goal of creating a positive legacy in the communities where we operate;
- » supporting the Sustainable Development Goals (SDGs) that were developed as a key part of the 2030 Agenda for Sustainable Development, adopted by UN Member States (including Burkina Faso) in 2015;
- » socio-economic baseline study updates of the surrounding communities to understand the changes, developments, and trends in the demographics, standard of living, livelihoods and population movements;
- » our own community and environmental monitoring programs; and
- » the Burkina Faso National Development Plans.

Education, job creation, and health are the three key areas where WAF has identified it can make the most positive contribution to our local communities.



### STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a core part of our business that happens daily at multiple points within the organisation and for a multitude of reasons, including building and maintaining relationships, and exchanging information and opinions. WAF is committed to an active process of engagement with stakeholders and to building successful and mutually beneficial relationships. WAF aims to meet international practice and takes guidance from the Equator Principles, the International Finance Corporation and the International Council on Mining and Metals in planning for and conducting stakeholder engagement activities.

The community relations department at Sanbrado leads WAF's stakeholder engagement activities and maintains a regular schedule of meetings with government, local leaders and communities.

### LIVELIHOOD RESTORATION AND TRAINING

WAF is undertaking livelihood restoration programs to support communities affected by the Sanbrado mine and provide them with adequate opportunity to restore their livelihoods to pre-project levels or above. The programs were developed based on extensive consultation with communities to design programs that meet their needs and enable sustainable development. The goal is for the programs to transition from the development stage to ownership and autonomous management by the beneficiary communities within a five-year timeframe.

### EDUCATION

A key focus in WAF's social investment program is improving the quality and accessibility of education for the communities surrounding our project sites and more broadly with a goal to improve rates of literacy and numeracy. Surveys undertaken for Sanbrado and Toega identified that school attendance in the area is very low, with distance to school and financial difficulties both contributing factors. Literacy in the adult population is also low. In 2021 construction of the third school funded by WAF in the Boudry Commune, which encompasses Sanbrado, was completed and we also donated furniture and learning materials. In addition, WAF funded the installation of solar power generation systems at the three schools to improve the learning environment and enable students to study at night. Evening classes are also offered for adults who have not previously had the chance to attend school or learn French.



### HEALTH

WAF is supporting access to health care for local communities. In 2021, we donated equipment to the Centre de Santé et de Promotion Sociale (CSPS) at Pousghin, a village close to the Sanbrado Mine. This equipment has enabled the opening and effective operation of the community health centre and reduced the distance to a health centre for villages surrounding the mine. This will enable better health outcomes for the local population, directly benefiting 6,288 people. Our support also included investments in local health awareness programs, providing information to school children and communities around malaria, HIV/AIDs, Hepatitis B, women's health and family planning, road safety and COVID-19.

### LOCAL EMPLOYMENT

A key way that WAF supports the local economy is through prioritising people from local communities for employment, both direct employment by the company and employment by contractors. WAF directly employs approximately 550 at Sanbrado, and Sanbrado has a total workforce of around 1,300 people including contractors. 90% of WAF's Sanbrado employees are of Burkina Faso nationality and 45% are from the local Commune of Boudry.

As the Toega and Kiaka projects transition into construction and operations, we anticipate further growth in employment opportunities in the region, as well as supporting continued employment at Sanbrado. WAF is also committed to the training of local workers hired for the projects. The experience and skills gained will increase the skills base in the local area and create a lasting benefit for local residents improving their prospects for future employment.

### LOCAL PROCUREMENT AND TRAINING

WAF aims to source necessary goods and services within the local area or nationally wherever possible. In 2021, 62% of all suppliers were registered in Burkina Faso (a total of 637 vendors) and 88.6% of total expenditure on goods and services was spent within Burkina Faso. WAF has supplied facilities, equipment, and training to enable local communities to pursue new economic activities related to the production of goods which are increasing in demand due to the Sanbrado project (e.g. establishing a poultry farm, soap making, production of sample bags for the geology department).

## Our people

### ENGAGEMENT

West African Resources strives to create a work environment where people feel valued, where they are provided with opportunities and where they feel safe. We are pleased to report a low rate of staff turnover of 6% in 2021.

WAF operates in compliance with the labour code of Burkina Faso and in alignment with the IFC Performance Standards on Environmental and Social Sustainability and the International Labour Organisation (ILO), which require that companies recruit without discrimination by giving equal opportunity to all applicants and develop measures to allow equal access to benefits for both women and men.

### DIVERSITY

In Burkina Faso, we prioritise the hiring of employees from local communities as much as possible. WAF recognises the value of a gender-balanced workforce and the positive impact female employment has on the community. Women make up 20% of WAF's employee workforce and 19% of management positions at Sanbrado. The Sanbrado departments of health and safety, open pit mining, commercial and logistics, camp management, and human resources are headed by women.

### TRAINING AND ADVANCEMENT

WAF operates a number of programs to identify training needs and to support employees in learning new skills and advancing their careers. During 2021 a total of 2,132 training sessions ranging from 1-hour to 7-days were delivered to employees, 17 employees participated in the Company's Leadership Development Training, and 34 university students were provided with internships.

## Our environmental footprint

WAF is committed to responsible environmental management through the integration of environmental considerations into business decisions at

all stages. Each project is subject to a comprehensive environmental and social impact assessment ('ESIA') during the permitting process. This enables us to avoid, minimise and mitigate negative environmental impacts, as well as identifying opportunities to improve environmental outcomes. In operations, environmental management and monitoring continues throughout the life of the project, guided by a project-specific Environmental and Social Management Plan (ESMP) developed in accordance with international industry practice and standards. In addition, environmental rehabilitation takes place on a continuous basis to ensure that the planned post-closure outcomes for the environment and the community are achieved.

### WATER STEWARDSHIP

Water is a scarce resource for much of the year in Burkina Faso. The bulk of the year's rainfall falls over a three to four month period in the wet season, outside of which many streams and watercourses cease to flow. Understanding the existing water environment



and the needs of other water users forms a core part of the ESIA, providing the opportunity to maximise water efficiency through project design, minimising water extraction and reducing impacts on the environment and other users. For example, all water storage facilities were designed to minimise losses through seepage and evaporation.

### EMISSIONS

WAF is keenly aware of its corporate responsibility to minimise greenhouse gas ('GHG') emissions. WAF calculates direct (Scope 1) greenhouse gas emissions on an annual basis for operations at Sanbrado. This will be expanded to include Toega and Kiaka once construction and operations commence at these sites. Scope 1 emissions are those that occur from sources that are controlled or owned by an organisation, and for Sanbrado the key sources are fuel used in mining activities and power generation. No electricity is drawn from the national grid, as such Scope 2 emissions do not apply. The emissions intensity per ounce of gold produced at Sanbrado decreased from 0.56t CO<sub>2</sub>-e/oz in 2020 to 0.37t CO<sub>2</sub>-e/oz in 2021.

### BIODIVERSITY

Management of biodiversity features around the Sanbrado and Toega sites is focused on protecting rare trees, improving diversity through revegetation of disturbed areas within the mine perimeter and development of management strategies for key fauna species, such as the hooded vulture. At Sanbrado, a plant nursery has been developed and our



environmental team propagates plants for progressive rehabilitation and revegetation of disturbed areas. Critical Habitat Screening was conducted in 2021 at Sanbrado and in 2022 WAF aims to develop a biodiversity strategy across our three projects.

### WASTE AND TAILINGS MANAGEMENT

WAF is committed to the responsible management of waste. A variety of waste is created during mining operations, with the largest by volume being tailings and waste rock which is managed by the mining department. While volumetrically less, significant amounts of hazardous and non-hazardous waste are still produced which are managed by the environment department. All of these are managed according to international standards to appropriately handle the waste, minimise the amount of waste sent for disposal and minimise the environmental impact of waste disposal.

### CYANIDE AND REAGENT MANAGEMENT

Gold extraction requires the use of different reagents. WAF has strict protocols for the handling and storage of these reagents according to their chemical properties to ensure that any hazard to human health or the environment is minimised. Cyanide is a key reagent in gold and silver processing. WAF uses the international Cyanide Code as a key guideline for managing cyanide transport, handling and storage at Sanbrado and will apply the same at Kiaka in the future.

# Financial Review

## Summary

		2021 \$'000	2020 \$'000
Revenue		712,140	311,167
Profit after tax		214,438	98,900
Operating cash flow		349,660	147,921
Free cash flow		188,953	5,190
Net asset/(debt) position		170,256	(131,306)
	<b>Unit</b>		
Gold ounces sold	oz	295,215	118,093
Average sales price per ounce	US\$/oz	1,808	1,812
All-in sustaining cost ('AISC') per ounce sold	US\$/oz	796	1,021

## Revenue, earnings, and unit cost performance

Gold revenue in 2021 was \$400,409,000 higher than the prior year due to a 150% increase in gold ounces sold, from 118,093 ounces in 2020 to 295,215 ounces in 2021, partially offset by a A\$218 per ounce lower average AUD gold sales price realised in 2021. Refer to the "Operating Review" section of this report for explanation of the year-on-year increase in gold ounces produced.

	Unit	2021 \$'000	2020 \$'000
Gold revenue	A\$'000	710,265	309,856
Gold ounces sold	oz	295,215	118,093
Average sales price per ounce AUD	A\$/oz	2,406	2,624
Average sales price per ounce USD	US\$/oz	1,808	1,812
Average FX rate used for USD conversion	AUD/USD	0.7513	0.6907

Profit after tax in 2021 increased 117% over the prior year primarily due to an increase in margin due to the \$400,409,000 increase in gold revenue versus \$161,657,000 increase in cost of sales. Cost of sales increased over the prior year due to higher physical quantities mined and processed at Sanbrado in 2021 compared to the prior year, whereas revenue benefited from both the higher underground ore tonnes processed and the higher average ore grade. Refer to the "Operating Review" section of this report for explanation of the year-on-year increase in physical quantities and ore grade processed.

Finance expenses increased \$32,591,000 over the prior year due to a combination of the following factors related to the Taurus syndicated debt facility: 1) interest expense on the debt facility was capitalised to Sanbrado development costs during the first four

months of the prior year until commercial production was declared for Sanbrado on 1 May 2020; 2) product fee expenses increased in 2021 with the higher quantity of gold ounces sold combined with the buy-back of the Taurus product fee in November 2021; and 3) accelerated repayments of the Taurus facility in 2021 resulted in the difference between the actual principal repayment amounts and the remaining unamortised costs capitalised to the syndicated loan liability account being expensed in the year.

Realised foreign exchange loss of \$5,924,000 in 2021 resulted from exchange losses on foreign currency denominated payments. Income tax expense of \$107,109,000 in 2021 mainly relates to Burkina Faso corporate income taxes on SOMISA's 2021 tax profit at a rate of 27.5% (SOMISA is WAF's Burkina Faso subsidiary that owns 100% of Sanbrado).

## 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 a year-on-year comparison of these non-AASB per ounce performance metrics for the Group including the underlying costs from which they are calculated.

Underlying measure	Unit	Year 2021	Year 2020
Gold sold	oz	295,215	118,093
Gold revenue	A\$ '000	710,265	309,856
OP mining cost	A\$ '000	82,451	55,517
UG mining cost	A\$ '000	34,408	12,213
Processing cost	A\$ '000	61,291	32,668
Site administration cost	A\$ '000	31,009	20,490
Change in inventory	A\$ '000	(3,408)	(15,350)
Royalties & production taxes	A\$ '000	42,015	20,483
Refining and by-product	A\$ '000	(13)	430
<b>Adjusted operating cost</b>	<b>A\$ '000</b>	<b>247,752</b>	126,451
Rehabilitation	A\$ '000	2,530	667
Capital development	A\$ '000	34,523	25,582
Sustaining capital	A\$ '000	14,590	11,527
Sustaining leases	A\$ '000	5,331	2,949
Corporate & share-based payments	A\$ '000	8,233	7,422
<b>All-in sustaining cost</b>	<b>A\$ '000</b>	<b>312,958</b>	174,597
Growth and development	A\$ '000	1,218	-
Exploration non-sustaining	A\$ '000	10,049	17,791
Capex non-sustaining	A\$ '000	2,871	-
<b>All-in cost</b>	<b>A\$ '000</b>	<b>327,096</b>	192,387
<b>Performance metrics per gold ounce sold</b>			
Adjusted operating cost	A\$/oz	839	1,071
All-in sustaining cost	A\$/oz	1,060	1,478
All-in cost	A\$/oz	1,108	1,629
Average sales price	A\$/oz	2,406	2,624
Average FX rate used for USD unit costs	AUD/USD	0.7513	0.6907
<b>Adjusted operating cost</b>	<b>US\$/oz</b>	<b>631</b>	740
<b>All-in sustaining cost (AISC)</b>	<b>US\$/oz</b>	<b>796</b>	1,021
<b>All-in cost</b>	<b>US\$/oz</b>	<b>832</b>	1,125
<b>Average sales price</b>	<b>US\$/oz</b>	<b>1,808</b>	1,812

The all-in sustaining cost per ounce ('AISC/oz') in AUD decreased 28% from A\$1,478 in 2020 to A\$1,060 in 2021 (and in USD it decreased 22% from US\$1,021 in 2020 to US\$796 in 2021). This year-on-year improvement in the AISC/oz was mainly driven by a higher grade of ore mined and processed at Sanbrado in 2021 compared to the prior year, which resulted in a 150% increase in the quantity of gold ounces sold (from 118,093 ounces in 2020 to 295,215 ounces in 2021), versus a comparatively lower 79% increase in the underlying all-in sustaining costs from A\$175 million in 2020 to A\$313 million in 2021. The higher underlying all-in sustaining costs in 2021 mainly results from increased physical quantities mined and processed in 2021 compared to the prior year. Refer to the "Operating Review" section of this report on pages 7 to 12 for explanation of the year-on-year increase in ore grades and physical quantities.

## Reconciliation of non-AASB measures to consolidated financial statements

A reconciliation of the 'Adjusted operating cost per ounce' and AISC per ounce presented in the previous section of this report to the Group's Consolidated Financial Statements is presented below:

Description	Financial Statement reference*	2021 \$'000	2020 \$'000
Cost of sales	P/L	306,805	145,148
(Less)/plus items:			
Depreciation	Note 4	(57,241)	(23,985)
Non-cash inventory movements	Note 4	(541)	5,746
By-product credits	N/A	(1,271)	(458)
Adjusted operating cost		247,752	126,451
(Less)/plus items:			
Reclamation & remediation (accretion & amortisation)	N/A	2,529	667
Corporate and technical services	P/L	5,741	5,079
Share-based payments	P/L	2,492	2,343
Capital development	Note 10	34,523	25,582
Sustaining capital	N/A	14,590	11,527
Sustaining leases	CF	5,331	2,949
Total All-in sustaining cost (AISC)		312,958	174,597
Gold sold (ounces)		295,215	118,093
Adjusted operating cost per ounce (\$A/oz)		839	740
<b>AISC per ounce (A\$/oz)</b>		<b>1,060</b>	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. Sustaining capital excludes growth-related capital.

## Balance sheet and cash flow

The \$382,141,000 increase in net assets during the year reflects a \$273,534,000 increase in total assets and a \$108,607,000 decrease in total liabilities. Exploration and evaluation (E&E) assets increased by \$160,200,000 mainly due to the acquisitions of Kiaka and Toega. Loans and borrowings (current and non-current) decreased by \$213,215,000 due to the repayment of the Taurus syndicated debt facility. Trade and other receivables increased by \$19,872,000 mainly due to an increase in the amount of value added tax recoverable from the Burkina Faso government. Trade and other payables increased by \$65,593,000 primarily due to the US\$45 million convertible note issued to B2Gold as part consideration for the purchase of Kiaka. Current tax payable increased by \$64,599,000 due to Burkina Faso income tax on SOMISA's higher profit in 2021.

The net debt position improved by \$301,562,000 over the year to a \$170,256,000 net asset position at the end of 2021 and the Group's free cash flow improved from \$5,190,000 in the prior year to \$188,953,000 in 2021.

	31 December 2021 \$'000	31 December 2020 \$'000
<b>CALCULATION OF NET ASSET (DEBT) POSITION</b>		
Cash and cash equivalents	183,374	95,027
Loans and borrowings	(13,118)	(226,333)
Net asset (debt)	170,256	(131,306)

	2021 \$'000	2020 \$'000
<b>CALCULATION OF FREE CASH FLOW</b>		
Net increase in cash held in the period	87,141	9,906
Add / (subtract):		
Proceeds of borrowings	-	(37,832)
Repayments of borrowings	235,064	35,463
Proceeds from issue of shares	(136,250)	-
Proceeds from exercise of share options	(1,042)	(2,369)
Payments for share issue costs	4,040	22
Free cash flow	188,953	5,190

## Acquisition of Kiaka and Toega

On 30 November 2021 closing occurred under the share purchase agreements (SPAs) for WAF's acquisitions of:

- » 90% of Kiaka from B2Gold and their partner, GAMS with the remaining 10% held by the State of Burkina Faso; and
- » 100% interest in Kiaka Gold SARL, an exploration company incorporated in Burkina Faso that holds the Nakomgo Exploration Permit on which the Toega Project is located.

The following consideration was delivered in relation to the above acquisitions:

- » US\$38 million cash consideration was paid (US\$31.95m to B2Gold and US\$6.05m to GAMS);
- » US\$27.5 million in WAF ordinary shares were issued (22,190,508 to B2Gold and 4,931,224 to GAMS);
- » US\$45 million promissory note was issued to B2Gold for payment in cash or shares at the election of B2Gold; and
- » Royalty agreements were provided in respect of Kiaka comprising:
  - » a 3% net smelter return ('NSR') royalty on first 2.5 million ounces of gold produced from Kiaka;
  - » a 0.5% NSR royalty on next 1.5 million ounces of gold produced from Kiaka
- » Royalty agreements on the first 1.5 million ounces of gold produced from the Nakomgo exploration permit area were provided in respect of Toega comprising:
  - » a 3% NSR royalty to a value of US\$25 million; and
  - » thereafter a 0.5% NSR

WAF held an Extraordinary General Meeting on 1 February 2022 at which shareholder approval was obtained for the issue of shares to B2Gold in relation to settlement of the US\$45 million promissory note.

## Repayment of Taurus debt and buy-back of Taurus product fee

During the year WAF fully repaid the Taurus syndicated debt facility and the Taurus product fee arrangement that were part of the 2019 funding package for the construction of Sanbrado.

### Debt repayment

WAF made scheduled and early debt repayments during the year against the Taurus syndicated USD debt facility which resulted in the debt facility liability being reduced from US\$175 million at the beginning of the year to nil by 31 December 2021 (refer to financial statement note 14A).

### Buyback of product fee

Under the syndicated debt facility with Taurus, the Group had a separate contractual commitment to pay a fee on ounces of gold refined from the Sanbrado Gold Project (the 'Product Fee'). The Product Fee for each ounce of gold refined was 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. In November 2021 WAF exercised its option to buy back the Product Fee which reduced the ounces remaining under the product fee commitment from 1,131,907 ounces at the beginning of the year to nil by 31 December 2021.

## Capital raisings

WAF undertook the below-described capital raisings in 2021. Funds raised were used for the acquisition of Kiaka and Toega, repayment of the Taurus syndicated debt facility, and for general working capital purposes.

- » **Tranche 1 Placement (completed in November 2021):** An unconditional institutional placement of 101.0 million ordinary shares at \$1.25 per share under the Company's 15% available Placement capacity under ASX Listing Rule 7.1 raising \$126.25 million (before costs).
- » **Share Purchase Plan ('SPP') (completed in November 2021):** The SPP complemented the above-noted Tranche 1 Placement. Under the SPP eligible shareholders could apply for up to \$30,000 of ordinary shares at the same share price as the Tranche 1 Placement without paying brokerage fees. 8,000,000 ordinary shares were issued under the SPP at an issue price of \$1.25 per share raising \$10 million (before costs).

The Tranche 2 Placement, being a placement of 96,000 ordinary shares to Non-Executive Directors of the Company at \$1.25 per share raising \$120,000, subject to shareholder approval, was completed subsequent to year end (in February 2022) after shareholder approval was received at the 1 February 2022 Extraordinary General Meeting of West African shareholders.

## Resources and Reserves Statement

### MINERAL RESOURCES

The following two tables provide a year-on-year Mineral Resources comparison for WAF, showing a 127% increase in Total Resources to 11.6 million ounces of gold.

Deposit	31 December 2021 Resources by Deposit											
	Measured Resource			Indicated Resource			Inferred Resource			Total Resource*		
Cutoff g/t	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	20,000	5.5	4,000	60,000	3.6	7,000	0	0.5	0	0.5	0
M1 South UG	1.5	800,000	13.4	346,000	1,600,000	7.3	370,000	250,000	5.9	48,000	5.9	48,000
M1 South Deeps	1.5							2,060,000	12.4	820,000	12.4	820,000
M5	0.5	2,910,000	1.2	114,000	32,000,000	1.2	1,200,000	17,000,000	1.1	570,000	1.1	570,000
M1 North	0.5	60,000	2.0	4,000	480,000	2.1	32,000	400,000	2.0	26,000	2.0	26,000
M3	0.5	160,000	1.7	8,000	30,000	2.1	2,000	0	0	0	0	0
Stockpile		1,730,000	1.0	56,000								
Toega	0.5				13,130,000	1.7	698,000	8,350,000	2.1	569,000	2.1	569,000
Kiaka	0.5				169,300,000	1.0	5,236,000	51,570,000	0.9	1,539,000	0.9	1,539,000
<b>Total*</b>		<b>5,700,000</b>	<b>2.9</b>	<b>532,000</b>	<b>217,000,000</b>	<b>1.1</b>	<b>7,540,000</b>	<b>79,000,000</b>	<b>1.4</b>	<b>3,600,000</b>	<b>1.4</b>	<b>3,600,000</b>

Deposit	31 December 2020 Resources by Deposit											
	Measured Resource			Indicated Resource			Inferred Resource			Total Resource*		
Cutoff g/t	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	3.5	1,000
M1 South UG	1.5	410,000	15.1	200,000	1,200,000	14.1	540,000	140,000	4.4	20,000	4.4	20,000
M1 South Deeps	1.5							2,100,000	12.4	820,000	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	1.1	580,000
M1 North	0.5	140,000	1.6	7,000	640,000	2.1	42,000	400,000	2.0	26,000	2.0	26,000
M3	0.5				170,000	2.0	11,000	190,000	1.5	9,000	1.5	9,000
Stockpile		1,000,000	1.2	38,000								
Toega	0.5							22,000,000	1.9	1,300,000	1.9	1,300,000
<b>Total*</b>		<b>1,900,000</b>	<b>4.4</b>	<b>270,000</b>	<b>37,000,000</b>	<b>1.7</b>	<b>2,100,000</b>	<b>41,000,000</b>	<b>2.1</b>	<b>2,800,000</b>	<b>2.1</b>	<b>2,800,000</b>

\*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.

## ORE RESERVES

The below two tables provide a year-on-year comparison of WAF Ore Reserves, showing a 13% increase to 1.7 million ounces of gold.

31 December 2021 Ore Reserve by Deposit									
Deposit	Proved			Probable			Proved + Probable		
	Tonnes t	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz
M1 South UG	1,000,000	8.5	290,000	1,100,000	5.9	200,000	2,100,000	7.1	490,000
M1 South	50,000	5.1	9,000	0	0.0	0	50,000	5.1	10,000
M1 North	53,000	1.9	3,000	320,000	2.1	21,000	370,000	2.0	24,000
M5	2,500,000	1.3	100,000	10,000,000	1.4	420,000	12,000,000	1.4	530,000
M3	140,000	1.2	5,300	30,000	1.1	1,000	170,000	1.2	6,300
Toega				9,700,000	1.9	580,000	9,700,000	1.9	580,000
ROM Stockpile	1,700,000	1.0	56,000				1,700,000	1.0	56,000
<b>Total*</b>	<b>5,600,000</b>	<b>2.6</b>	<b>460,000</b>	<b>21,000,000</b>	<b>1.9</b>	<b>1,200,000</b>	<b>26,000,000</b>	<b>2.0</b>	<b>1,700,000</b>

31 December 2020 Ore Reserve by Deposit									
Deposit	Proved			Probable			Proved + Probable		
	Tonnes t	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz	Tonnes	Grade g/t	Contained Au oz
M1 South UG	460,000	8.6	130,000	1,600,000	9.2	480,000	2,100,000	9.1	610,000
M1 South	250,000	2.9	23,000	400,000	7.3	94,000	650,000	5.6	120,000
M1 North	69,000	1.6	4,000	430,000	2.3	31,000	500,000	2.2	35,000
M5	81,000	1.6	4,000	15,000,000	1.4	670,000	15,000,000	1.4	670,000
M3				150,000	1.7	8,000	150,000	1.7	8,000
ROM Stockpile	1,000,000	1.2	38,000				1,000,000	1.2	38,000
<b>Total*</b>	<b>1,900,000</b>	<b>3.3</b>	<b>200,000</b>	<b>18,000,000</b>	<b>2.2</b>	<b>1,300,000</b>	<b>20,000,000</b>	<b>2.3</b>	<b>1,500,000</b>

\* 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 2020 to December 2021 are comprised of:

- » inclusion of the Toega Ore Reserve of 580,000 oz;
- » open-pit mining depletion of 210,000 oz;
- » underground mining depletion of 113,000 oz;
- » stockpile balance increased by 18,000 oz from 2020 closing stocks; and
- » optimisation and redesign of the M5 final pit decreased Ore Reserves by 53,500 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), Niel 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 a specialist mineral resource consultant employed by International Resource Solutions Pty Ltd 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 a specialist mining consultant employed by Kenmore Mine Consulting Pty Ltd 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.



# 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.



## RICHARD HYDE

BSc (Geology and Geophysics), MAusIMM, MAIG  
Executive Chairman and Chief Executive Officer

Richard Hyde is a geologist with over 25 years' experience in the mining industry and more than 19 years of experience in West Africa. He 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. He was also 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 commenced as a Director 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, GAICD  
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. She 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. He 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 Findlay joined the Board on 29 May 2020.

**Committee memberships:** Audit (Chair), Remuneration

**Other ASX listed directorship:** Nil

**Previous ASX listed directorship in the last 3 years:** Nil



## Company Secretary

### PADRAIG O'DONOGHUE

Chief Financial Officer since June 2018 and Company Secretary since May 2020

## Principal activities

During the year, the principal activities of the Group were comprised of:

- » operation of the Sanbrado Gold Project ('Sanbrado');
- » work activities to advance the feasibility study of the Toega gold deposit ('Toega'); and
- » mineral exploration on the Group's exploration tenements located in Burkina Faso.

## 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 following significant changes in the state of affairs of the Group occurred in the year:

- » Acquisitions of the Kiaka Gold Project and the Toega Gold Deposit were completed which improve the future growth prospects of the Group; and
- » The Syndicated Debt Facility with Taurus Mining Finance was fully repaid, which substantially de-leveraged the Group's balance sheet.

## Significant events after balance sheet date

As explained in the "Operations Review" section of this report, on 24 January 2022 a military group led by Lieutenant-Colonel Paul-Henri Sandaogo Damiba, assumed control of the Burkina Faso government and on 1 March 2022 established a transitional government with a signed charter committing to return to a democratically elected government within three years in which senior members of the transitional government are ineligible to be elected. The Directors are pleased to advise that the Group's Sanbrado Gold Operations in Burkina Faso are continuing to operate as usual, and the Company's observation is that the government bureaus are continuing to function, and no controversial legislative changes have been proposed.

Aside from the above event, 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 Review", "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 rights

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

Issue date	Exercise price	Expiry date	Number issued
<b>Options</b>			
28-Dec-18	\$0.4300	28-Dec-22	1,223,828
20-Jan-20	\$0.6061	20-Jan-24	131,578
11-Jun-20	\$0.6061	11-Jun-24	657,894
			<b>2,013,300</b>
<b>Performance Rights*</b>			
20-Jan-20	\$0.0000	20-Jan-23	315,866
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-23	176,951
8-Dec-20	\$0.0000	8-Dec-24	2,995,000
17-Dec-20	\$0.0000	17-Dec-22	28,586
17-Dec-20	\$0.0000	17-Dec-24	2,500,000
22-Jan-21	\$0.0000	22-Jan-23	44,554
22-Jan-21	\$0.0000	22-Jan-24	82,942
9-Apr-21	\$0.0000	9-Apr-24	174,478
9-Apr-21	\$0.0000	9-Apr-26	69,306
9-Apr-21	\$0.0000	9-Apr-25	69,306
20-May-21	\$0.0000	20-May-24	626,496
20-May-21	\$0.0000	20-May-26	402,103
20-May-21	\$0.0000	20-May-25	402,102
11-Jun-21	\$0.0000	11-Jun-24	10,148
10-Feb-22	\$0.0000	10-Feb-24	89,092
			<b>9,643,443</b>
<b>Total options and performance rights on issue</b>			<b>11,656,743</b>

\*Performance 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 25 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 Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## 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	6	6	-	-	-	-	4	4
Lyndon Hopkins	6	6	-	-	-	-	4	4
Rod Leonard	6	6	3	3	2	2	4	4
Nigel Spicer	6	6	3	3	-	-	4	4
Stewart Findlay	6	6	3	3	2	2	-	-
Libby Mounsey	6	6	-	-	2	2	-	-

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 2021. 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	Resigned
<b>Non-Executive Directors</b>			
Nigel Spicer	Non-Executive Director	September 2019	-
Rod Leonard	Non-Executive Director Lead Independent Director	September 2019 February 2021	-
Stewart Findlay	Non-Executive Director	May 2020	-
Libby Mounsey	Non-Executive Director	May 2020	-
<b>Executive Directors</b>			
Richard Hyde	Executive Chairman and Chief Executive Officer	September 2006	-
Lyndon Hopkins	Executive Director and Chief Operating Officer	September 2019	-
<b>Senior Executives</b>			
Padraig O'Donoghue	Chief Financial Officer and Company Secretary	June 2018 May 2020	- -
Matthew Wilcox	Chief Development Officer	September 2018	January 2021

## 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 2021 compared to the 4 previous reporting periods.

Period ending	December 2021	December 2020	December 2019	December 2018	June 2018
Reporting period length	12 months	12 months	12 months	6 months	12 months
EPS (cents)	20.9	10.2	(0.5)	(0.5)	(4.3)
Dividends (cents per share)	Nil	Nil	Nil	Nil	Nil
Net profit / loss (\$'000)	214,438	98,900	(4,334)	(3,551)	(25,300)
Share price (\$)	1.320	1.050	0.430	0.250	0.380

## 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:

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

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Executives and NEDs by reference to relevant employment market conditions in comparative peer companies both locally and internationally with the overall objective of maximising stakeholder benefit from the retention and incentivisation of a high performing Board 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

External remuneration consultants may be engaged directly by the Board or the Remuneration Committee to provide information or advice. Where a remuneration recommendation is made relating to Board, Executive and KMP, the advice will be provided directly to an Independent Non-Executive Director and shall be free of influence from management.

In 2021 there was no engagement with remuneration specialists for advice relating to Board, Executive or KMP remuneration, and therefore, no fees were paid to remuneration consultants during this period.

In 2018 the Remuneration Committee engaged BDO Remuneration and Reward Pty Ltd ('BDO') to review and provide recommendations on the design of the 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.

## 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

The following executive remuneration framework was recommended by the Remuneration Committee and adopted by the Board in 2018.

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. <b>It reflects 'pay for performance'.</b>	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. <b>It reflects 'pay for results'.</b>	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 14 May 2021. The purpose of the Plan is to:

- a. assist in the reward, retention and motivation of participants;
- b. link the reward of participants to performance and the creation of shareholder value;
- c. align the interests of participants more closely with the interests of shareholders; and
- d. 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 incentive, which contains a vesting condition that requires the Executive to remain in continuous service to the Company until the LTI 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.

During the year the annual fee levels paid to NEDs were increased as follows:

Title	Annual fee level		Date of change
	Before change	After change	
Lead Independent Director*	Not applicable	\$112,500	1 February 2021
Other NEDs	\$75,000	\$90,000	1 April 2021

\*The Lead Independent Director is a new WAF board position that commenced on 1 February 2021.

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 2021 was either one of the following, at the election of each individual NED:

- i) 100% of NED fees, paid in cash; or
- ii) 70% of 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 in respect of their 2021 NED fees.

During 2021, 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. In the Board's view this provides a balance of Executive incentivisation 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

The terms and conditions of employment of Executives are set out in their Executives' Service Agreements ('ESAs'). A summary of Executive's ESAs is shown in the following table.

Executive	Salary change <sup>A</sup>	Contract term	Company notice-period	Employee notice-period	Termination benefit*
Richard Hyde	Increased from \$585,000 to \$587,671	Until terminated by either party	6-months' notice	3-months' notice	Nil termination benefit
Lyndon Hopkins	Increased from \$450,000 to \$452,055	Same as above	Same as above	Same as above	Same as above
Padraig O'Donoghue	Increased from \$350,000 to \$351,598	Same as above	Same as above	Same as above	Same as above

<sup>A</sup> Amount shown includes annual salary plus superannuation. The Executives' salary change fully relates to the Australian statutory superannuation rate increase from 9.5% to 10% on 1 July 2021.

\* 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 2020 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 2021 the Board set out STI and LTI performance targets for Executives to earn their at-risk remuneration.

The following table summarises the Executives' 2021 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 portions (as set out in section 4A of this report).

STI Target	Weighting	Level of achievement
At least 210,000 ounces of gold is produced from Sanbrado in 2021	Gateway hurdle which determines if any STI will be paid for 2021	Gateway achieved
2021 production guidance is achieved, being 250,000 to 280,000 ounces of gold	40%	100%
2021 cost guidance is achieved, being AISC of US\$720 to US\$800 per ounce	20%	100%
There are no significant social or environmental incidents recorded	20%	100%
The Sanbrado 12-month rolling TRIFR is below the gold industry standard for Western Australia	20%	100%
<b>Weighted average level of achievement</b>		<b>100%</b>

For 2021 the Executives earned 100% of the cash portion of their 2021 STI. The 2021 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 100% of their 2021 STI Performance Rights will vest.

The following table sets out the vesting conditions of the 2021 LTI equity instruments issued to Executives at the beginning of 2021 along with their proportion of each Executive's overall 2021 equity LTI and end-of-year vesting status.

LTI equity instrument	Proportion of 2021 equity LTI	Vesting conditions	Vesting status								
2021 Production LTI Performance Rights (expire 5 years from issue date)	50%	At least 600,000 ounces of gold is poured within the 3-year period from 1 January 2021 to 31 December 2023.	Unvested								
2021 Shareholder Return LTI Performance Rights (expire 4 years from issue date)	25%	<p>The proportion of Performance Rights that vest will be determined by the board based on the average annual total shareholder return ('TSR') over the three-year performance period (1 January 2021 to 31 December 2023). TSR will be measured by the difference in the WAF share price from the 7-day VWAP prior to, and at the end of, the performance period: The Board will make its determination based on the following guidelines:</p> <table border="1"> <thead> <tr> <th>TSR</th> <th>Vesting proportion</th> </tr> </thead> <tbody> <tr> <td>0% to 5%</td> <td>nil to 33%</td> </tr> <tr> <td>5% to 10%</td> <td>33% to 100%</td> </tr> <tr> <td>&gt; 10%</td> <td>100%</td> </tr> </tbody> </table>	TSR	Vesting proportion	0% to 5%	nil to 33%	5% to 10%	33% to 100%	> 10%	100%	Unvested
TSR	Vesting proportion										
0% to 5%	nil to 33%										
5% to 10%	33% to 100%										
> 10%	100%										
2021 Reserve Replacement LTI Performance Rights (expire 4 years from issue date)	25%	<p>The proportion of Performance Rights that vest will be determined by the board based on replacement of Ore Reserves<sup>1</sup> due to depletion over the three-year period from 1 January 2021 to 31 December 2023 using the following guidelines:</p> <table border="1"> <thead> <tr> <th>Ore Reserve change</th> <th>Vesting proportion</th> </tr> </thead> <tbody> <tr> <td>Ore reserve is depleted</td> <td>nil</td> </tr> <tr> <td>Ore reserve is maintained</td> <td>50%</td> </tr> <tr> <td>Ore reserve is maintained or grown up to 20%</td> <td>50% to 100% (straight line basis)</td> </tr> </tbody> </table>	Ore Reserve change	Vesting proportion	Ore reserve is depleted	nil	Ore reserve is maintained	50%	Ore reserve is maintained or grown up to 20%	50% to 100% (straight line basis)	Unvested
Ore Reserve change	Vesting proportion										
Ore reserve is depleted	nil										
Ore reserve is maintained	50%										
Ore reserve is maintained or grown up to 20%	50% to 100% (straight line basis)										

The 2021 STI and LTI equity awards issued to the Executive Directors were approved by shareholders at the Company's 14 May 2021 Annual General Meeting and additional details of these awards are contained in the notice of meeting.

<sup>1</sup> Refer to ASX announcement of 9 March 2021: "WAF Resource, Reserve and production guidance update 2021"

## 6. KMP remuneration outcomes

### A. SUMMARY OF REMUNERATION PAID TO EXECUTIVE KMP IN 2021

The remuneration disclosures of the executive KMP for the year ended 31 December 2021, prepared in accordance with the requirements of the Corporations Act 2001 (Cth) and the relevant Australian Accounting Standards, are detailed in the following table.

	Fixed remuneration				Variable remuneration				Performance based % of remuneration			
	Cash salary and fees		Annual and Long Service Leave		Cash bonus		Performance Rights		Total remuneration	Fixed remuneration	Remuneration linked to performance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
<b>Executive Directors</b>												
Richard Hyde	31 Dec 21	551,164	35,171	50,549	638,884	-	13,032	891,830	904,862	1,543,746	41%	59%
	31 Dec 20	489,814	40,199	40,527	570,540	-	282,750	374,866	657,616	1,228,156	46%	54%
Lyndon Hopkins	31 Dec 21	423,973	27,055	44,725	495,753	-	7,886	594,669	602,555	1,098,308	45%	55%
	31 Dec 20	372,842	31,491	46,327	450,660	-	159,998	247,206	407,204	857,864	53%	47%
<b>Executives</b>												
Padraig O'Donoghue	31 Dec 21	324,696	26,104	32,559	383,359	-	6,196	296,835	303,031	686,390	56%	44%
	31 Dec 20	299,276	28,431	31,742	359,449	-	161,113	85,598	246,711	606,160	59%	41%
Matthew Wilcox*	31 Dec 21	42,806	8,559	-	51,365	47,286	-	-	47,286	98,651	52%	48%
	31 Dec 20	366,692	34,836	33,735	435,263	51,778	58,970	173,647	284,395	719,658	60%	40%
<b>Total</b>	31 Dec 21	1,342,639	96,889	127,833	1,569,361	47,286	27,114	1,783,34	1,857,734	3,427,095	46%	54%
	31 Dec 20	1,528,624	134,957	152,331	1,815,912	51,778	662,831	881,317	1,595,926	3,411,838	53%	47%

\*Matthew Wilcox resigned on 31 January 2021.

## 6. KMP remuneration outcomes (continued)

### B. SUMMARY OF REMUNERATION PAID TO NON-EXECUTIVE KMP IN 2021

The remuneration disclosures of the non-executive KMP for the year ended 31 December 2021, prepared in accordance with the requirements of the Corporations Act 2001 (Cth) and the relevant Australian Accounting Standards, are detailed in the following table.

	Cash salary and fees	Annual and Long Service Leave		Cash bonus	Options	Performance Rights	Total remuneration
		Super	Total				
	\$	\$	\$	\$	\$	\$	\$
Rod Leonard	31 Dec 21	79,151	7,724	-	-	45,534	132,409
	31 Dec 20	45,993	6,507	-	-	32,526	85,026
Nigel Spicer	31 Dec 21	63,750	-	-	-	45,534	109,284
	31 Dec 20	52,500	-	-	-	32,526	85,026
Stewart Findlay	31 Dec 21	63,750	-	-	-	49,515	113,265
	31 Dec 20	31,049	-	-	-	1,118	32,167
Libby Mounsey*	31 Dec 21	168,579	5,671	-	-	49,515	223,765
	31 Dec 20	73,311	3,814	-	-	1,118	78,243
Mark Connelly	31 Dec 21	-	-	-	-	-	-
	31 Dec 20	21,593	-	-	72,528	9,254	103,375
Simon Storm	31 Dec 21	-	-	-	-	-	-
	31 Dec 20	25,340	-	-	20,837	9,254	55,431
<b>Total</b>	31 Dec 21	375,230	13,395	-	-	190,098	578,723
	31 Dec 20	249,786	10,321	-	93,365	85,796	439,268

\*Cash salary and fees includes \$110,500 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 KMP

	At 31 December 2021							
	Balance 1 Jan 2021	Granted as remuneration	Number exercised	Net change other	Balance 31 Dec 2021	Total	Vested	Unvested
<b>Directors</b>								
Richard Hyde	994,933	-	-	-	994,933	994,933	994,933	-
Lyndon Hopkins	607,128	-	-	-	607,128	607,128	607,128	-
<b>Executives</b>								
Padraig O'Donoghue	911,239	-	(500,000)	-	411,239	411,239	411,239	-
Matthew Wilcox*	1,078,419	-	-	-	1,078,419	1,078,419	1,078,419	-
<b>Total</b>	<b>3,591,719</b>	<b>-</b>	<b>(500,000)</b>	<b>-</b>	<b>3,091,719</b>	<b>3,091,719</b>	<b>3,091,719</b>	<b>-</b>

\*Balance for Mr Wilcox is as at his last day of employment on 31 January 2021.

### Performance Rights held by KMP

	At 31 December 2021							
	Balance 1 Jan 2021	Granted as remuneration	Number exercised	Net change other <sup>^</sup>	Balance 31 Dec 2021	Total	Vested	Unvested
<b>Directors</b>								
Richard Hyde	3,494,644	840,113	(1,072,664)	-	3,262,093	3,262,093	191,387	3,070,706
Lyndon Hopkins	2,263,972	553,460	(661,017)	-	2,156,415	2,156,415	143,540	2,012,875
Rod Leonard	68,911	22,277	(68,911)	-	22,277	22,277	22,277	-
Nigel Spicer	68,911	22,277	(68,911)	-	22,277	22,277	22,277	-
Stewart Findlay	28,586	22,277	-	-	50,863	50,863	50,863	-
Libby Mounsey	52,509	22,277	(23,923)	-	50,863	50,863	50,863	-
<b>Executives</b>								
Padraig O'Donoghue	1,434,907	360,167	(298,840)	-	1,496,234	1,496,234	346,099	1,150,135
Matthew Wilcox*	1,483,838	-	(478,468)	(828,419)	176,951	176,951	-	176,951
<b>Total</b>	<b>8,896,278</b>	<b>1,842,848</b>	<b>(2,672,734)</b>	<b>(828,419)</b>	<b>7,237,973</b>	<b>7,237,973</b>	<b>827,306</b>	<b>6,410,667</b>

\*Balance for Mr Wilcox is as at his last day of employment on 31 January 2021.

<sup>^</sup> Performance Rights that lapsed during the year.

### Options granted during the year as remuneration to KMP

There were no options granted to KMP in 2021.

### Performance Rights granted during the year as remuneration to KMP

Grant date	Type	Number granted	Value each	Total value
22-Jan-21	Other B	44,554	\$0.7950	\$35,420
22-Jan-21	Other B	44,554	\$1.0200	\$45,445
22-Jan-21	Other A	82,942	\$0.9750	\$80,868
9-Apr-21	STI	138,613	\$0.9650	\$133,762
9-Apr-21	LTI	103,959	\$0.9650	\$100,320
9-Apr-21	LTI	34,653	\$0.5000	\$17,327
20-May-21	STI	589,368	\$1.0350	\$609,996
20-May-21	LTI	603,154	\$1.0350	\$624,264
20-May-21	LTI	201,051	\$0.6300	126,662
<b>Total</b>		<b>1,842,848</b>		<b>\$1,774,064</b>

Other A = in lieu of STI cash incentives  
Other B = in lieu of 30% of Directors' fees

### Options and Performance Rights exercised during the year by KMP

Exercise date	No. of Performance Rights	No. of options	Value each on exercise date
21-Jan-21	777,308	-	\$0.9750
23-Feb-21	1,733,681	-	\$0.8250
2-Jul-21	23,923	-	\$1.0100
9-Jul-21	68,911	-	\$1.1100
9-Aug-21	68,911	-	\$1.0450
16-Sep-21	-	500,000	\$1.0100
<b>Total</b>	<b>2,672,734</b>	<b>500,000</b>	

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

Lapse date	No. of Performance Rights	No. of options	Financial year in which the options/ performance rights were granted
31-Jan-21	828,419	-	2020
<b>Total</b>	<b>828,419</b>	<b>-</b>	



## Share holdings of KMP

	Balance 1 Jan 2021	Issued as remuneration	Issued on exercise of options/ performance rights	Net change other	Balance 31 Dec 2021
<b>Directors</b>					
Richard Hyde	18,280,769	-	1,072,664	(1,000,000)	18,353,433
Lyndon Hopkins	3,500,000	-	661,017	(375,000)	3,786,017
Rod Leonard	-	-	68,911	-	68,911
Nigel Spicer	-	-	68,911	-	68,911
Stewart Findlay	-	-	-	-	-
Libby Mounsey	16,000	-	23,923	24,000	63,923
<b>Executives</b>					
Padraig O'Donoghue	-	-	798,840	24,000	822,840
Matthew Wilcox*	581,395	-	478,468	-	1,059,863
<b>Total</b>	<b>22,378,164</b>	<b>-</b>	<b>3,172,734</b>	<b>(1,327,000)</b>	<b>24,223,898</b>

\*Balance for Mr Wilcox is as at his last day of employment on 31 January 2021.

## 8. Loans to KMP

There were no loans to KMP during the year.

### 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 91 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



### Richard Hyde

Executive Chairman & CEO  
Perth, 30 March 2022

## Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income	49	Notes to the Financial Statements	53
Consolidated Statement of Financial Position	50	Directors' Declaration	90
Consolidated Statement of Changes In Equity	51	Auditor's Independence Declaration	91
Consolidated Statement of Cash Flows	52	Independent Auditor's Report	92
		ASX Additional Information	97
		Summary of Tenements	99

# Financial Report

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
Revenue from continuing operations	3	712,140	311,167
Cost of sales	4(a)	(306,805)	(145,148)
Exploration and evaluation expenses		(2,284)	(2,517)
Corporate and technical services		(5,741)	(5,079)
Growth and development		(1,218)	-
Share-based payments		(2,492)	(2,343)
Other expenses	4(b)	(6,176)	(2,769)
Finance expenses		(58,730)	(26,139)
Forex realised loss		(5,924)	(806)
Forex unrealised gain (loss)		(1,223)	15,002
<b>Profit before tax</b>		<b>321,547</b>	<b>141,368</b>
Income tax expense	5	(107,109)	(42,468)
<b>Profit after tax</b>		<b>214,438</b>	<b>98,900</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(2,265)	(5,553)
<b>Other comprehensive loss, net of income tax</b>		<b>(2,265)</b>	<b>(5,553)</b>
<b>Total comprehensive profit for the year</b>		<b>212,173</b>	<b>93,347</b>
Profit attributable to:			
Owners of the parent		188,964	89,362
Non-controlling interest	23	25,474	9,538
		<b>214,438</b>	<b>98,900</b>
Total comprehensive profit attributable to:			
Owners of the parent		186,699	83,809
Non-controlling interest	23	25,474	9,538
		<b>212,173</b>	<b>93,347</b>
Basic profit per share (cents per share)	6	20.9	10.2
Diluted profit per share (cents per share)	6	20.7	10.1

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 2021

	Note	2021 \$'000	2020 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	183,374	95,027
Restricted cash		1,626	-
Trade and other receivables	8	42,507	22,635
Inventories	9	58,977	51,950
Financial assets		39	39
<b>Total current assets</b>		<b>286,523</b>	169,651
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	329,556	329,587
Right-of-use assets	11	12,713	16,220
Exploration and evaluation assets	12	175,455	15,255
<b>Total non-current assets</b>		<b>517,724</b>	361,062
<b>TOTAL ASSETS</b>		<b>804,247</b>	530,713
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	106,072	40,479
Deferred revenue		-	23,957
Loans and borrowings	14	214	132,664
Lease liabilities	15	5,591	4,581
Current tax payable		85,418	20,819
<b>Total current liabilities</b>		<b>197,295</b>	222,500
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	14	12,904	93,669
Lease liabilities	15	7,096	11,225
Provisions	16	12,579	9,406
Deferred tax liabilities	17	19,967	21,648
<b>Total non-current liabilities</b>		<b>52,546</b>	135,948
<b>TOTAL LIABILITIES</b>		<b>249,841</b>	358,448
<b>NET ASSETS</b>		<b>554,406</b>	172,265
<b>EQUITY</b>			
Issued capital	18	335,334	165,263
Reserves	19	4,173	3,851
Accumulated losses		185,540	(3,885)
Equity attributable to owners of the parent		525,047	165,229
Non-controlling interest		29,359	7,036
<b>TOTAL EQUITY</b>		<b>554,406</b>	172,265

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 2021

	Issued capital \$'000	Accumulated profits/(losses) \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Non-controlling interest \$'000	Total \$'000
<b>Balance at 1 January 2020</b>	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)
<b>Total comprehensive profit (loss) for the period</b>	-	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)	-	-
<b>Balance at 31 December 2020</b>	<b>165,263</b>	<b>(3,885)</b>	<b>(6,096)</b>	<b>9,947</b>	<b>7,036</b>	<b>172,265</b>
<b>Balance at 1 January 2021</b>	<b>165,263</b>	<b>(3,885)</b>	<b>(6,096)</b>	<b>9,947</b>	<b>7,036</b>	<b>172,265</b>
Profit after tax	-	188,963	-	-	25,475	214,438
Other comprehensive profit (loss) for the period	-	-	(2,265)	-	-	(2,265)
<b>Total comprehensive profit (loss) for the period</b>	-	188,963	(2,265)	-	25,475	212,173
Shares issued during the period net of transaction costs	170,071	-	-	-	-	170,071
Transfer to non-controlling interest	-	462	-	-	(462)	-
Share-based payments	-	-	-	2,587	-	2,587
Subsidiary minority interest profit distribution	-	-	-	-	(2,690)	(2,690)
<b>Balance at 31 December 2021</b>	<b>335,334</b>	<b>185,540</b>	<b>(8,361)</b>	<b>12,534</b>	<b>29,359</b>	<b>554,406</b>

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 2021

	Note	2021 \$'000	2020 \$'000
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		687,597	334,271
Payments to suppliers and employees		(301,151)	(186,702)
Income tax paid		(36,538)	-
Interest received		602	681
Interest paid		(850)	(576)
Other income		-	247
<b>Net cash inflow from operating activities</b>	20(a)	<b>349,660</b>	<b>147,921</b>
<b>INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(48,254)	(93,052)
Capitalised exploration and evaluation expenditure		(7,003)	(16,404)
Payment for acquisition of assets, net of cash acquired		(52,704)	-
Capitalised interest paid during construction		-	(7,738)
Repayment of loan by related party		-	290
<b>Net cash outflow from investing activities</b>		<b>(107,961)</b>	<b>(116,904)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	18(b)	136,250	-
Proceeds from exercise of share options	18(b)	1,042	2,369
Proceeds from borrowings		-	37,832
Repayment of borrowings	20(b)	(235,064)	(35,463)
Subsidiary minority interest profit distribution		(2,690)	-
Payments for share issue costs	18(b)	(4,040)	(22)
Payments for lease liabilities	20(b)	(5,331)	(2,949)
Interest paid on borrowings		(13,395)	(15,020)
Financing costs		(31,330)	(7,369)
Transaction costs related to loans and borrowings		-	(489)
<b>Net cash outflow from financing activities</b>		<b>(154,558)</b>	<b>(21,111)</b>
<b>Net increase in cash held</b>		<b>87,141</b>	<b>9,906</b>
Cash at the beginning of the financial period		95,027	83,584
Effect of exchange rate changes on the balance of cash held in foreign currencies		1,206	1,537
<b>Cash at the end of the financial period</b>	7	<b>183,374</b>	<b>95,027</b>

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 2021

### 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.

The financial information for the parent entity, West African Resources Limited, is disclosed in note 30 and has been prepared on the same basis as the Group.

#### 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 had control.

#### D. ADOPTION OF NEW AND REVISED STANDARDS

There have been no new or amended accounting standards or interpretations issued by the Australian Accounting Standard's Board (AASB) that have been applied for the first time in the current reporting period.

There are no forthcoming standards and amendments that are expected to have a material impact on the Group in the current or future reporting periods, or on foreseeable future transactions.

#### E. 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.

## 1 BASIS OF PREPARATION (CONTINUED)

### E. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

#### 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 and exploration and evaluation expenses 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 and inflation 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.

### F. 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.

## 1 BASIS OF PREPARATION (CONTINUED)

### G. INCOME TAXES

The income tax expense or benefit for the period is based on the profit or loss for the period 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.

### H. 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.

### I. 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.

### J. 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)

### K. 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)

### K. 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.

### L. EXPLORATION AND EVALUATION

Exploration and evaluation ('E&E') costs are captured separately for each area of interest. Such costs comprise direct costs and an appropriate portion of related overhead expenditure. E&E costs, including acquisition costs, are capitalised when incurred in areas limited to a size related to a known mineral resource capable of supporting a mining operation for which the Group has rights of (or is acquiring rights of) tenure and where activities have reached a stage which permits a reasonable assessment of the existence of economically recoverable ore reserves, and active and significant operations in relation to the area are continuing. Each capitalised area of interest is regularly reviewed. If the project is abandoned or if it is considered unlikely that capitalised costs will be recouped through development or sale of the project then accumulated costs to that point are written off immediately.

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.

### M. 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.

### N. TRADE AND OTHER ACCOUNTS PAYABLE

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

### O. 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)

### P. 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.

### Q. 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.

### R. 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.

## 1 BASIS OF PREPARATION (CONTINUED)

### S. 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.

### T. 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, Société des Mines de Sanbrado SA, Volta Properties SARL, Kiaka Gold SARL and Kiaka SA, 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, Channel Resources (Cayman II) Ltd, Volta Resources (Cayman) Inc., and Volta 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)

### U. 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:

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

## 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. The operating segments of the Group are:

**Mining Operations:** in the current period comprise the Sanbrado Gold Project operations located in Burkina Faso.

**Exploration & Evaluation:** in the current period comprises exploration and evaluation activities in locations other than Sanbrado.

### B. SEGMENT INFORMATION

	Mining operations \$'000	Exploration & Evaluation \$'000	Other \$'000	Total \$'000
<b>2020</b>				
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
<b>2021</b>				
Total segment revenue	<b>712,130</b>	-	<b>10</b>	<b>712,140</b>
Total segment expenses	<b>305,626</b>	<b>3,463</b>	<b>6,959</b>	<b>316,048</b>
Total segment results	<b>406,504</b>	<b>(3,463)</b>	<b>(6,949)</b>	<b>396,092</b>
Segment assets at 31 December 2021	<b>584,190</b>	<b>131,165</b>	<b>88,892</b>	<b>807,247</b>
Segment liabilities at 31 December 2021	<b>179,541</b>	<b>554</b>	<b>69,746</b>	<b>248,841</b>

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

	2021 \$'000	2020 \$'000
<b>Total segment results</b>	<b>396,092</b>	158,423
Share-based payments	<b>(2,492)</b>	(2,343)
Finance expenses	<b>(58,730)</b>	(26,139)
Other expenses	<b>(6,176)</b>	(2,769)
Net foreign exchange gains (losses)	<b>(7,147)</b>	14,196
<b>Profit before income tax</b>	<b>321,547</b>	141,368

All metal sales in the year were made to MKS PAMP SA.



### 3 REVENUE

	2021 \$'000	2020 \$'000
Metal sales	711,536	310,315
Interest received	603	605
Other income	1	247
	<b>712,140</b>	<b>311,167</b>

### 4 EXPENSES

	2021 \$'000	2020 \$'000
<b>(a) Cost of sales</b>		
Production expenses	209,157	120,888
Royalties and other selling costs	43,273	21,371
Depreciation and amortisation	57,241	23,985
Changes in inventory (cash)	(3,407)	(15,350)
Changes in inventory (non-cash)	541	(5,746)
	<b>306,805</b>	<b>145,148</b>
<b>(b) Other expenses</b>		
Accretion of rehabilitation provision	255	125
Depreciation and amortisation	53	76
Withholding tax expense	5,868	2,568
	<b>6,176</b>	<b>2,769</b>

### 5 INCOME TAX

#### A. INCOME TAX RECOGNISED IN PROFIT OR LOSS

	2021 \$'000	2020 \$'000
Current tax	103,819	20,819
Deferred tax	(692)	21,649
(Under) Over provided in prior years	3,982	-
	<b>107,109</b>	<b>42,468</b>

### 5 INCOME TAX (CONTINUED)

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

	2021 \$'000	2020 \$'000
Accounting profit before tax	321,547	141,368
Income tax expense at 30%	96,464	42,410
<b>Add (Deduct):</b>		
Non-deductible expenses	7,184	4,302
Effect of differences in foreign tax rates	(8,266)	(3,657)
Effect of differences in foreign exchange	(241)	(904)
Deferred tax movement re borrowing costs	(793)	2,361
Other permanent adjustment	4,629	(3,769)
Movement in unrecognised deferred tax assets	8,132	1,725
<b>Income tax expense</b>	<b>107,109</b>	<b>42,468</b>

#### C. UNRECOGNISED DEFERRED TAX BALANCES

	2021 \$'000	2020 \$'000
<b>(a) Unrecognised deferred tax assets</b>		
Annual leave provision	73	75
Accrued expenses	107	46
Employee provisions	-	59
Long service leave provision	20	13
Borrowings	14,406	16,961
Leases	68	93
Tax losses	23,590	14,496
Section 40-880 undeducted losses	634	82
<b>(b) Unrecognised deferred tax liabilities</b>		
Prepayments	(2)	(2)
Right-of-use assets	(63)	(90)
Borrowing costs	-	(1,032)
<b>Net unrecognised deferred tax asset</b>	<b>38,833</b>	<b>30,701</b>

## 6 EARNINGS PER SHARE

	2021	2020
	\$	\$
Basic profit per share (cents per share)	20.9	10.2
Diluted profit per share (cents per share)	20.7	10.1
The profit and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Attributable profit for the year	188,963,472	89,362,219
Weighted average number of shares outstanding during the period used in calculations of basic profit per share	901,991,086	873,899,037
Weighted average number of diluted shares outstanding during the period used in calculations of diluted profit per share	912,120,649	880,451,906

## 7 CASH AND CASH EQUIVALENTS

	2021	2020
	\$'000	\$'000
Cash at bank	183,277	94,944
Cash in hand	97	83
	183,374	95,027

## 8 TRADE AND OTHER RECEIVABLES

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Prepayments	6,294	2,945
Other receivables	36,213	19,690
	42,507	22,635

Other receivables include value added tax receivable from the Burkina Faso government of \$35,668,000 (2020: \$19,275,000).

	2021	2020
	\$'000	\$'000
<b>Movement in the allowance for doubtful debts</b>		
Balance at the beginning of the year	-	(2,084)
Impairment losses and reversals recognised on receivables	-	2,084
<b>Balance at the end of the year</b>	-	-

## 9 INVENTORIES

	2021	2020
	\$'000	\$'000
Ore stockpiles – cost	34,646	24,895
Finished goods – cost	6,086	14,131
Gold in circuit – cost	2,913	2,278
Consumable supplies and spares – cost	15,332	10,646
	58,977	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
<b>Cost and accumulated depreciation</b>								
<b>31 December 2020</b>								
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
<b>31 December 2021</b>								
Gross carrying amount at cost	136,719	28	1,238	33,393	659	232,817	5,606	410,460
Accumulated depreciation	(35,333)	-	-	(6,894)	(609)	(34,524)	(3,544)	(80,904)
Net carrying amount	101,386	28	1,238	26,499	50	198,293	2,062	329,556
<b>Carrying value</b>								
<b>31 December 2020</b>								
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)
<b>Net of accumulated depreciation</b>	93,826	-	11,527	29,063	25	192,645	2,501	329,587
<b>31 December 2021</b>								
At the beginning of the period	93,826	-	11,527	29,063	25	192,645	2,501	329,587
Assets acquired under acquisition	-	-	90	516	56	149	83	894
Transfers to property, plant and equipment	-	-	(26,560)	-	-	26,560	-	-
Additions	34,523	28	16,325	185	-	787	633	52,481
Depreciation expensed for the period	(28,951)	-	-	(2,920)	(30)	(19,558)	(1,130)	(52,589)
Change in rehabilitation provision	3,011	-	-	-	-	-	-	3,011
Effects of movement in foreign exchange	(1,023)	-	(144)	(345)	(1)	(2,290)	(25)	(3,828)
<b>Net of accumulated depreciation</b>	101,386	28	1,238	26,499	50	198,293	2,062	329,556

## 11 RIGHT-OF-USE ASSETS

	Property \$'000	Equipment \$'000	Total \$'000
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
<b>Balance at 1 January 2021</b>	<b>299</b>	<b>15,921</b>	<b>16,220</b>
Additions	-	1,462	1,462
Depreciation charge for the year	(90)	(4,705)	(4,795)
Effects of movement in foreign exchange	-	(174)	(174)
<b>Balance at 31 December 2021</b>	<b>209</b>	<b>12,504</b>	<b>12,713</b>

## 12 EXPLORATION AND EVALUATION ASSETS

	2021 \$'000	2020 \$'000
Balance at 1 January	15,255	-
Additions	163,101	15,255
Effects of movement in foreign exchange	(2,901)	-
<b>Balance at 31 December</b>	<b>175,455</b>	<b>15,255</b>

Exploration and evaluation additions in 2021 include \$155,161,000 of purchase consideration paid for the Kiaka Gold Project and the Toega Gold Project.

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.

## 13 TRADE AND OTHER PAYABLES

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade payables	21,570	24,418
Accruals	21,580	15,366
Other payables	1,007	695
Convertible note	61,915	-
	<b>106,072</b>	<b>40,479</b>

The Company issued a US\$45 million convertible note to B2Gold Corp as part consideration for the purchase of the Kiaka Gold Project ('Kiaka') that is payable in cash unless B2Gold elects to be paid in shares. The note is secured against WAF's ownership interest in Kiaka and is due for payment by the earlier of: a) 10 business days following issue of a positive feasibility study for the Kiaka Project; b) the later of the date of commencement of construction of Kiaka and 31 May 2022; and c) 25 October 2022.

## 14 LOANS AND BORROWINGS

	2021 \$'000	2020 \$'000
Current	214	132,664
Non-current	12,904	93,669
	<b>13,118</b>	<b>226,333</b>

### A. SYNDICATED DEBT FACILITY

	2021 \$'000	2020 \$'000
Current	-	132,455
Non-current	-	81,488
	<b>-</b>	<b>213,943</b>

During the year the Group made early debt repayments on the USD syndicated debt facility arranged by Taurus Mining Finance for the development of the Sanbrado Gold Project, which resulted in the facility being fully repaid. As at 31 December 2021 the remaining balance due under the facility was nil (2020: US\$175 million).

### B. SUPPLIER LOAN FACILITIES

	2021 \$'000	2020 \$'000
Current	214	209
Non-current	12,904	12,181
	<b>13,118</b>	<b>12,390</b>

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 2021 was US\$9.6 million inclusive of accrued interest (2020: US\$9.6 million).

## 15 LEASES

	2021 \$'000	2020 \$'000
Current	5,591	4,581
Non-current	7,096	11,225
	<b>12,687</b>	<b>15,806</b>
<b>Amounts recognised in profit or loss</b>		
Interest on lease liabilities	850	576
Expenses relating to short-term leases	22	41
	<b>872</b>	<b>617</b>
<b>Amounts recognised in the statement of cash flows</b>		
Total cash outflow for leases	<b>5,331</b>	<b>2,949</b>

## 16 PROVISIONS

	2021 \$'000	2020 \$'000
<b>Non-current</b>		
Long service leave provision	67	44
Rehabilitation provision	12,512	9,362
	<b>12,579</b>	<b>9,406</b>

### Reconciliation of movements in rehabilitation provision:

Balance at the start of the period	9,362	4,218
Increase in rehabilitation provision during the year	3,266	5,182
Effects of movement in foreign exchange	(116)	(38)
<b>Balance at the end of the period</b>	<b>12,512</b>	<b>9,362</b>

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. It has been calculated with an inflation rate of 2.5% (2020: 2.5%) and by discounting the cash flows at a rate of 2.75% (2020: 2.75%). The amount provided each period is also capitalised as an asset under mine development assets in property, plant and equipment.

## 17 DEFERRED TAX LIABILITIES

	2021 \$'000	2020 \$'000
<b>Deferred tax liabilities</b>		
Trade and other receivables	507	7
Property, plant and equipment	10,311	6,911
Trade and other payables	-	175
Borrowings	3,695	7,070
Borrowing costs	5,454	7,485
<b>Net deferred tax liabilities</b>	<b>19,967</b>	<b>21,648</b>
<b>Movements:</b>		
Opening balance	21,648	-
Charged (Credited) to profit and loss	(692)	21,648
Over provision in prior years	(989)	-
<b>Closing balance</b>	<b>19,967</b>	<b>21,648</b>

## 18 ISSUED CAPITAL

	2021 \$'000	2020 \$'000
Fully paid ordinary shares	335,334	165,263
<b>(a) Number of shares</b>	<b>No.</b>	<b>No.</b>
At start of period	878,682,646	870,478,852
Issue of shares on exercise of options	5,969,467	8,203,794
Issue of shares from capital raising	109,000,000	-
Issue of shares as consideration for acquisition	27,121,732	-
<b>Balance at end of period</b>	<b>1,020,773,845</b>	<b>878,682,646</b>
<b>(b) Value of shares</b>	<b>\$'000</b>	<b>\$'000</b>
At start of period	165,263	162,919
Issue of shares on exercise of options	1,042	2,369
Issue of shares from capital raising	136,250	-
Issue of shares as consideration for acquisition	36,819	-
Share issue costs	(4,040)	(25)
<b>Balance at end of period</b>	<b>335,334</b>	<b>165,263</b>

## 19 RESERVES

	2021 \$'000	2020 \$'000
<b>Reserves</b>	<b>4,173</b>	<b>3,851</b>
Reserves comprise the following:		
<b>(a) Foreign currency translation reserve</b>		
At start of period	(6,096)	(543)
Currency translation differences	(2,265)	(5,553)
<b>Balance at end of period</b>	<b>(8,361)</b>	<b>(6,096)</b>
<b>(b) Share-based payments reserve</b>		
At start of period	9,947	7,916
Options issued – share-based payment expense	2,587	2,343
Reclassification of expired options and rights	-	(312)
<b>Balance at end of period</b>	<b>12,534</b>	<b>9,947</b>

## 19 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 and rights issued by the Company to Directors, employees and other suppliers or consultants that are not exercised or expired.

## 20 CASH FLOW INFORMATION

### A. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASHFLOWS FROM OPERATING ACTIVITIES

	2021 \$'000	2020 \$'000
<b>Profit after income tax</b>	<b>214,438</b>	<b>98,900</b>
<b>Adjustment for:</b>		
Depreciation and amortisation	57,294	24,061
Share-based payments	2,492	2,343
Accretion of rehabilitation provision	255	125
Financing costs	57,880	25,563
Net foreign exchange (gain) loss	1,223	(15,002)
	<b>333,582</b>	<b>135,990</b>
<b>Changes in assets and liabilities</b>		
(Increase) Decrease in trade and other receivables	(19,818)	(18,260)
(Increase) Decrease in inventories	(7,607)	(26,461)
(Decrease) Increase in trade and other payables	(27,068)	14,185
(Decrease) Increase in current tax payable	72,252	20,819
(Decrease) Increase in deferred tax liabilities	(1,681)	21,648
<b>Net cash flows from operating activities</b>	<b>349,660</b>	<b>147,921</b>

## 20 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 2020	235,086	8,475	243,561
Cash outflow from financing activities	(35,463)	(2,949)	(38,412)
Cash inflow from financing activities	37,832	-	37,832
Leases entered into during the year	-	10,838	10,838
Other balance movements	6,212	-	6,212
Effect of changes in foreign exchange rates	(17,334)	(558)	(17,892)
<b>Balance at 31 December 2020</b>	<b>226,333</b>	<b>15,806</b>	<b>242,139</b>
Balance at 1 January 2021	<b>226,333</b>	<b>15,806</b>	<b>242,139</b>
Cash outflow from financing activities	(235,064)	(5,331)	(240,395)
Leases entered into during the year	-	1,462	1,462
Other balance movements	21,719	-	21,719
Effect of changes in foreign exchange rates	130	750	880
<b>Balance at 31 December 2021</b>	<b>13,118</b>	<b>12,687</b>	<b>25,805</b>

\* Certain prior year reconciliation components have been reclassified to align with the categories presented in the current year.

## 21 DIVIDENDS

No dividends have been paid or declared payable during the year (2020: nil).

## 22 COMMITMENTS AND OTHER CONTINGENCIES

### A. EXPLORATION AND MINING LEASE COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay 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:

	2021	2020
	\$'000	\$'000
Due within 1 year	1,378	775
Due after 1 year but not more than 5 years	2,756	1,549
Due after 5 years	-	-
	<b>4,134</b>	<b>2,324</b>

### B. CAPITAL COMMITMENTS

Capital expenditure contracted for and payable, but not recognised as liabilities is \$1,831,000 (2020: \$832,000). All of the commitments relate to the purchase of property, plant and equipment. The total amount is expected to be paid within one year of the reporting period.

### C. CONTINGENT LIABILITIES

#### (i) Burkina Faso Income Tax

Société des Mines de Sanbrado SA ('SOMISA') is in discussions with the Burkina Faso tax authority in relation to a reassessment resulting from an audit of its 2020 corporate income taxes. No amount in relation to this has been provided in the Group's financial statements as the parties have not yet come to a common understanding of the underlying transactions being reassessed and the correct tax treatment under the tax code.

#### (ii) Royalty agreements

During 2021, the Group entered into royalty agreements with third parties in respect of the acquisition of the Kiaka Gold Project ('Kiaka') and the Toega Gold Project ('Toega'). Royalties will become payable under the agreements when refined gold is produced from ore extracted from the physical areas covered by the agreements.

- Royalty agreements in respect of the Kiaka comprise:
  - a 3% net smelter return ('NSR') royalty on first 2.5 million ounces of gold produced from Kiaka;
  - a 0.5% NSR royalty on next 1.5 million ounces of gold produced from Kiaka.
- Royalty agreements on the first 1.5 million gold ounces produced from the Nakomgo exploration permit area were provided in respect of Toega comprising:
  - a 3% NSR royalty to a value of US\$25 million; and
  - thereafter a 0.5% NSR.

#### (iii) Other contingent liabilities

There were no other material contingent liabilities at the end of the year. During the current year the Group exercised its option to buy back the 'Product Fee' contractual commitment under the syndicated debt facility with Taurus, which was reported as a contingent liability in the prior year.

## 23 INTEREST IN SUBSIDIARIES

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

Entities	Country of incorporation	Ownership interest	
		2021	2020
		%	%
<b>Parent company</b>			
West African Resources Limited	Australia		
<b>Direct subsidiaries</b>			
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
Volta II Ltd <sup>1</sup>	Cayman Islands	100	-
<b>Indirect subsidiaries</b>			
Channel Resources (Cayman I) Ltd	Cayman Islands	100	100
Channel Resources (Cayman II) Ltd	Cayman Islands	100	100
Tanlouka SARL	Burkina Faso	100	100
Société des Mines de Sanbrado SA <sup>2</sup>	Burkina Faso	90	90
Volta Resources (Cayman) Inc. <sup>3</sup>	Cayman Islands	100	-
Volta Properties SARL <sup>3</sup>	Burkina Faso	100	-
Kiaka Gold SARL <sup>3</sup>	Burkina Faso	100	-
Kiaka SA <sup>2,3</sup>	Burkina Faso	90	-

<sup>1</sup> Incorporated on 23 September 2021.

<sup>2</sup> The remaining 10% is held by the government of Burkina Faso which is entitled to a free carried 10% interest in the project.

<sup>3</sup> Acquired on 30 November 2021.

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

	Consolidated		Parent Entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Amounts owed by (to) related parties</b>				
<b>Subsidiaries</b>				
WAF Finance Pty Ltd	-	-	105,788	40,496
Wura Resources Pty Ltd SARL	-	-	25,647	23,926
Société des Mines de Sanbrado SA	-	-	12,784	12,784
West African Resources Development SARL	-	-	9,451	16,950
Tanlouka SARL	-	-	3,956	3,457
Channel Resources (Cayman I) Ltd	-	-	(101)	56
Channel Resources (Cayman II) Ltd	-	-	15	59
Channel Resources Ltd	-	-	(161)	1
Volta II Ltd	-	-	104,595	-
Kiaka Gold SARL	-	-	180	-
<b>Total</b>	-	-	262,154	97,729
Provision for impairment	-	-	(50,950)	(56,230)
	-	-	211,204	41,499

Further information with respect to related party transactions are included in note 26.

## 23 INTEREST IN SUBSIDIARIES (CONTINUED)

### A. SUMMARISED FINANCIAL INFORMATION FOR SOCIETE DES MINES DE SANBRADO BEFORE INTRAGROUP ELIMINATIONS

	2021	2020
	\$'000	\$'000
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Revenue	710,265	309,856
Profit for the year:		
Attributable to owners of the parent	229,276	85,845
Attributable to non-controlling interest	25,475	9,538
	254,751	95,383
<b>STATEMENT OF FINANCIAL POSITION</b>		
Assets		
Current assets	230,868	123,601
Non-current assets	342,293	345,489
	573,161	469,090
Liabilities		
Current liabilities	213,091	329,052
Non-current liabilities	65,461	69,671
	278,552	398,723
Equity		
Attributable to owners of the parent	265,148	63,330
Attributable to non-controlling interest	29,461	7,037
	294,609	70,367
<b>STATEMENT OF CASH FLOWS</b>		
Net cash from operating activities	367,332	165,477
Net cash used in investing activities	(50,782)	(92,532)
Net cash used in financing activities	(234,249)	(18,701)
	82,301	54,244

## 23 INTEREST IN SUBSIDIARIES (CONTINUED)

### B. SUMMARISED FINANCIAL INFORMATION FOR KIAKA SA BEFORE INTRAGROUP ELIMINATIONS

	2021 \$'000
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	
Revenue	-
Profit for the year:	
Attributable to owners of the parent	(5)
Attributable to non-controlling interest	(1)
	(6)
<b>STATEMENT OF FINANCIAL POSITION</b>	
Assets	
Current assets	5
Non-current assets	84,191
	84,196
Liabilities	
Current liabilities	4
Non-current liabilities	85,212
	85,216
Equity	
Attributable to owners of the parent	(918)
Attributable to non-controlling interest	(102)
	(1,020)
<b>STATEMENT OF CASH FLOWS</b>	
Net cash from operating activities	(1)
Net cash used in investing activities	-
Net cash used in financing activities	-
	(1)

This is the first year that Kiaka SA was consolidated into the Group and therefore no comparative amounts are provided.

## 24 SUBSEQUENT EVENTS AFTER THE BALANCE DATE

On 24 January 2022 a military group led by Lieutenant-Colonel Paul-Henri Sandaogo Damiba, assumed control of the Burkina Faso government and on 1 March 2022 established a transitional government with a signed charter committing to return to a democratically elected government within three years in which senior members of the transitional government are ineligible to be elected. The Directors are pleased to advise that the Group's Sanbrado Gold Operations in Burkina Faso are continuing to operate as usual, and the Company's observation is that the government bureaus are continuing to function, and no controversial legislative changes have been proposed.

Aside from the above event, 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.

## 25 AUDITORS' REMUNERATION

	2021 \$'000	2020 \$'000
<b>The auditor of West African Resources Limited is HLB Mann Judd</b>		
Audit or review of the financial statements	80	53
	80	53
<b>Amounts received or due and receivable by non HLB Mann Judd audit firms</b>		
Audit or review of the Burkina Faso financial reports	17	19
	17	19

## 26 DIRECTORS AND EXECUTIVE DISCLOSURES

### A. DETAILS OF KEY MANAGEMENT PERSONNEL

		Appointed	Resigned
<b>Non-Executive Directors</b>			
Rod Leonard	Non-Executive Director and Lead Independent Director	September 2019 <sup>1</sup>	-
Nigel Spicer	Non-Executive Director	September 2019	-
Stewart Findlay	Non-Executive Director	29 May 2020	-
Libby Mounsey	Non-Executive Director	29 May 2020	-
<b>Executive Directors</b>			
Richard Hyde	Executive Chairman and CEO	September 2006	-
Lyndon Hopkins	Executive Director and COO	September 2019 <sup>2</sup>	-
<b>Other Executives (KMPs)</b>			
Padraig O'Donoghue	Chief Financial Officer and Company Secretary	June 2018 <sup>3</sup>	-
Matthew Wilcox	Chief Development Officer	September 2018	January 2021

<sup>1</sup> Date appointed as Lead Independent Director was February 2021 (NED since September 2019).

<sup>2</sup> Date appointed a Director (employed since January 2017).

<sup>3</sup> Date appointed as Company Secretary was May 2020 (employed since June 2018).

### B. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2021 \$'000	2020 \$'000
Short-term employee benefits	1,893	1,938
Post-employment benefits	110	145
Share-based payments	2,001	1,723
	4,004	3,806

### 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.



## 26 DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

### D. LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans provided to Key Management Personnel during the year (2020: nil).

### 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 2021 that are not already included in the Remuneration Report in the Directors' Report.

## 27 FINANCIAL INSTRUMENTS

	2021 \$'000	2020 \$'000
<b>Financial assets</b>		
Cash and cash equivalents (note 7)	183,374	95,027
Trade and other receivables (note 8)	42,507	22,635
Financial assets	39	39
	<b>225,920</b>	<b>117,701</b>
<b>Financial liabilities</b>		
Trade and other payables (note 13)	(106,072)	(40,479)
Loans and borrowings (note 14)	(13,118)	(239,781)
Lease liabilities (note 15)	(12,687)	(15,807)
	<b>(131,877)</b>	<b>(296,066)</b>

## 28 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 ('EUR'), and Communauté Financière Africaine Francs ('CFA'), being the currency of Burkina Faso.

## 28 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.

	Weighted Average Effective Interest Rate	Consolidated					Total \$'000
		Floating Interest Rate \$'000	Fixed Interest Rate Maturing			Non- interest bearing \$'000	
		Within Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000			
<b>31 December 2020</b>							
<b>Financial assets</b>							
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
<b>Total financial assets</b>		63,464	39	-	-	54,198	117,701
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b>		-	138,253	119,478	-	40,479	298,210
<b>31 December 2021</b>							
<b>Financial assets</b>							
Cash and cash equivalents	0.4%	159,512	-	-	-	23,862	183,374
Trade and other receivables	0.0%	-	-	-	-	42,507	42,507
Financial assets	0.5%	-	39	-	-	-	39
<b>Total financial assets</b>		159,512	39	-	-	66,369	225,920
<b>Financial liabilities</b>							
Trade and other payables	0.00%	-	-	-	-	106,072	106,072
Loans and borrowings	9.75%	-	1,289	13,641	-	-	14,930
Lease liabilities	6.50%	-	5,591	7,096	-	-	12,687
<b>Total financial liabilities</b>		-	6,880	20,737	-	106,072	133,689

## 28 FINANCIAL RISK MANAGEMENT (CONTINUED)

### A. MARKET RISK (CONTINUED)

#### (ii) Interest rate sensitivity

At 31 December 2021, 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.

	2021 \$'000	2020 \$'000
+0.5%	707	447
-0.5%	(707)	(447)

The sensitivity is calculated using the average cash position for the year ended 31 December 2021. The interest income in note 3 of \$602,635 (31 December 2020: \$605,024) reflects cash balances in the year that ranged between \$39,759,579 and \$133,134,574 (31 December 2020: \$40,878,483 and \$73,476,229).

#### (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, EUR, and USD foreign currencies expressed in AUD equivalents:

	2021 \$'000	2020 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	162,974	82,172
Trade and other receivables	37,876	21,456
	<b>200,850</b>	<b>103,628</b>
<b>Financial liabilities</b>		
Trade and other payables	195,053	72,362
Loans and borrowings	13,002	236,848
Lease liabilities	12,460	15,491
Tax liabilities	19,967	41,590
	<b>240,482</b>	<b>366,291</b>

## 28 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 2020.

	+10%		-10%	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
USD	2,968	19,019	(3,627)	(23,245)
CFA	(49,123)	(34,862)	60,040	42,609
EUR	(2)	1,958	2	(2,394)

#### (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 2021 (2020: nil).

### B. CREDIT RISK

Credit risk arises mainly 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 institution);
- receivables related to gold sales (all gold sales have been carried out with MKS PAMP SA); and
- value added tax receivable from the government of Burkina Faso.

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 (\$183,374,000 as at 31 December 2021) 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.

## 28 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	
<b>31 December 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	95,027	-	-	-	95,027
Trade and other receivables	22,635	-	-	-	22,635
Financial assets	39	-	-	-	39
<b>Total financial assets</b>	<b>117,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117,701</b>
<b>Financial liabilities</b>					
Trade and other payables	(40,479)	-	-	-	(40,479)
Loan and borrowings	(58,600)	(89,151)	(116,252)	-	(264,003)
Lease liabilities	(2,524)	(2,524)	(12,101)	-	(17,149)
<b>Total financial liabilities</b>	<b>(101,603)</b>	<b>(91,675)</b>	<b>(128,353)</b>	<b>-</b>	<b>(321,631)</b>
<b>Net maturity</b>	<b>16,098</b>	<b>(91,675)</b>	<b>(128,353)</b>	<b>-</b>	<b>(203,930)</b>
<b>31 December 2021</b>					
<b>Financial assets</b>					
Cash and cash equivalents	183,374	-	-	-	183,374
Trade and other receivables	42,507	-	-	-	42,507
Financial assets	39	-	-	-	39
<b>Total financial assets</b>	<b>225,920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225,920</b>
<b>Financial liabilities</b>					
Trade and other payables	(106,072)	-	-	-	(106,072)
Loans and borrowing	(639)	(650)	(13,641)	-	(14,930)
Lease liabilities	(3,206)	(3,206)	(7,932)	-	(14,344)
<b>Total financial liabilities</b>	<b>(109,917)</b>	<b>(3,856)</b>	<b>(21,573)</b>	<b>-</b>	<b>(135,346)</b>
<b>Net maturity</b>	<b>116,003</b>	<b>(3,856)</b>	<b>(21,573)</b>	<b>-</b>	<b>90,574</b>

## 29 SHARE-BASED PAYMENTS

### A. RECOGNISED SHARE-BASED PAYMENTS

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

	2021 \$'000	2020 \$'000
Share-based payments to Directors	1,603	1,254
Share-based payments to employees	818	955
Share-based payments to third party	71	133
	<b>2,492</b>	<b>2,343</b>

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

	2021 Number	2021 WAEP*	2020 Number	2020 WAEP*
Outstanding at the beginning of the year	12,557,727	-	2,287,295	-
Granted during the year	1,925,989	-	10,636,406	-
Exercised during the year	(3,141,048)	-	(303,794)	-
Lapsed/cancelled during the year	(1,628,419)	-	(62,180)	-
<b>Outstanding at the end of the year</b>	<b>9,714,249</b>	<b>-</b>	<b>12,557,727</b>	<b>-</b>
<b>Exercisable at the end of the year</b>	<b>540,234</b>	<b>-</b>	<b>2,027,779</b>	<b>-</b>

\*WAEP = weighted average exercise price

The performance rights outstanding at the end of the year had a weighted average remaining contractual life of 1,003 days (31 December 2020: 1,200 days)

## 29 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
44,554	22-Jan-21	2 years	0%	64%	0.08%	\$0.0000	\$0.7950
44,554	22-Jan-21	2 years	0%	61%	0.08%	\$0.0000	\$1.0200
82,942	22-Jan-21	3 years	0%	61%	0.10%	\$0.0000	\$0.9750
174,478	9-Apr-21	3 years	0%	63%	0.10%	\$0.0000	\$0.9650
69,306	9-Apr-21	5 years	0%	67%	0.69%	\$0.0000	\$0.9650
69,306	9-Apr-21	4 years	0%	60%	0.39%	\$0.0000	\$0.9650
626,496	20-May-21	3 years	0%	63%	0.10%	\$0.0000	\$1.0350
402,103	20-May-21	5 years	0%	65%	0.70%	\$0.0000	\$1.0350
402,102	20-May-21	4 years	0%	59%	0.40%	\$0.0000	\$1.0350
10,148	11-Jun-21	3 years	0%	63%	0.14%	\$0.0000	\$1.0950

### 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

	2021 Number	2021 WAEP*	2020 Number	2020 WAEP*
Outstanding at the beginning of the year	4,841,719	\$0.4228	11,873,828	\$0.3163
Granted during the year	-	-	1,117,891	\$0.6486
Exercised during the year	(2,828,419)	\$0.3685	(7,900,000)	\$0.2998
Lapsed/cancelled during the year	-	-	(250,000)	\$0.2400
<b>Outstanding at the end of the year</b>	<b>2,013,300</b>	<b>\$0.4991</b>	<b>4,841,719</b>	<b>\$0.4228</b>
<b>Exercisable at the end of the year</b>	<b>2,013,300</b>	<b>\$0.4991</b>	<b>4,841,719</b>	<b>\$0.4228</b>

\*WAEP = weighted average exercise price

The share options outstanding at the end of the year had a weighted average remaining contractual life of 116 days (31 December 2020: 374 days).

#### (b) Fair value of options granted

There were no options granted during the period (31 December 2020: 867,891).

## 29 SHARE-BASED PAYMENTS (CONTINUED)

### F. OPTIONS AND PERFORMANCE RIGHTS BALANCES

The outstanding balance of performance rights as at 31 December 2021 is presented in the following table.

Grant date	Vesting date	Expiry date	Exercise price	Granted	Number of performance rights			
					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)	-	-
28-Dec-18	First gold pour and commercial production	28-Dec-23	\$0.0000	944,167	-	(944,167)	-	-
07-Jul-19	When KPIs are achieved	01-Jun-22	\$0.0000	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	-	(902,571)	61,377	61,377
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	254,489	-	-	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 an employee of the Company for 1 year from the date the rights were issued	11-Jun-23	\$0.0000	334,927	-	-	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	532,114	-	-	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	176,951	-	-	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)	-	-	-
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)	-	-

## 29 SHARE-BASED PAYMENTS (CONTINUED)

### F. 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	Vested
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	72,876	-	(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	86,758	-	-	86,758
27-Nov-20	8-Dec-23	8-Dec-24	\$0.0000	2,272,500	(775,000)	-	1,497,500
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	(775,000)	-	1,497,500
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
18-Jan-21	Hold continuous office as a Director of the Company for 1 year from the date the rights were issued	22-Jan-23	\$0.0000	89,108	-	-	89,108
21-Jan-21	Hold continuous office as an employee of the Group for 1 year from the date the rights were issued	22-Jan-24	\$0.0000	82,942	-	-	82,942
4-Apr-21	When KPIs are achieved and hold continuous office as an employee of the Group for 2 years from the date the rights were issued	9-Apr-24	\$0.0000	174,478	-	-	174,478
4-Apr-21	At least 600,000 ounces of gold is poured within the three-year period from 1 January 2021 to 31 December 2023.	9-Apr-26	\$0.0000	69,306	-	-	69,306

## 29 SHARE-BASED PAYMENTS (CONTINUED)

### F. 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	Vested
4-Apr-21	When targets for shareholder returns over the 3-year performance period are achieved	4-Apr-25	\$0.0000	34,653	-	-	34,653
4-Apr-21	When targets for replacement of Ore Reserves due to depletion over the 3-year period from 1 Jan 2021 to 31 Dec 2023 are achieved	4-Apr-25	\$0.0000	34,653	-	-	34,653
17-May-21	When KPIs are achieved and hold continuous office as an employee of the Group for 2 years from the date the rights were issued	20-May-24	\$0.0000	373,513	-	-	373,513
17-May-21	Hold continuous office as an employee of the Group for 1 year from the date the rights were issued	20-May-24	\$0.0000	252,983	-	-	252,983
17-May-21	At least 600,000 ounces of gold is poured within the three-year period from 1 January 2021 to 31 December 2023	20-May-26	\$0.0000	402,103	-	-	402,103
17-May-21	When targets for shareholder returns over the 3-year performance period are achieved	20-May-25	\$0.0000	201,051	-	-	201,051
17-May-21	When targets for replacement of Ore Reserves due to depletion over the 3-year period from 1 Jan 2021 to 31 Dec 2023 are achieved	20-May-25	\$0.0000	201,051	-	-	201,051
3-Jun-21	When KPIs are achieved and hold continuous office as an employee of the Group for 2 years from the date the rights were issued	11-Jun-24	\$0.0000	10,148	-	-	10,148
<b>Total Performance Rights</b>				<b>14,483,716</b>	<b>(1,628,419)</b>	<b>(3,141,048)</b>	<b>9,714,249</b>
							<b>540,234</b>

## 29 SHARE-BASED PAYMENTS (CONTINUED)

### F. OPTIONS AND PERFORMANCE RIGHTS BALANCES (CONTINUED)

The outstanding balance of options as at 31 December 2021 is presented in the following table:

Grant date	Vesting date	Expiry date	Exercise price	Number of options				
				Granted	Lapsed / Cancelled	Exercised	On issue	Vested
29-Mar-18	First gold production	29-Mar-21	\$0.4100	250,000	-	(250,000)	-	-
26-Sep-18	First gold production	26-Sep-21	\$0.3100	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)	-	-
28-Dec-18	First gold pour and commercial production	28-Dec-21	\$0.3200	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	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)	-	-
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)	-	-
<b>Total options</b>				<b>4,841,719</b>	-	<b>(2,828,419)</b>	<b>2,013,300</b>	<b>2,013,300</b>

## 30 PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	2021 \$'000	2020 \$'000
<b>STATEMENT OF FINANCIAL POSITION</b>		
Current assets	46,921	16,579
Non-current assets	248,450	82,620
<b>Total assets</b>	<b>295,371</b>	<b>99,199</b>
Current liabilities	1,157	990
Non-current liabilities	203	272
<b>Total liabilities</b>	<b>1,360</b>	<b>1,262</b>
<b>Net assets</b>	<b>294,011</b>	<b>97,937</b>
<b>Equity</b>		
Issued capital	335,334	165,263
Reserves	12,535	9,948
Accumulated losses	(53,858)	(77,274)
<b>Total equity</b>	<b>294,011</b>	<b>97,937</b>
<b>PROFIT FOR THE REPORTING PERIOD</b>		
Income tax benefit	-	-
<b>Total comprehensive profit</b>	<b>23,415</b>	<b>37</b>

### Contingent liabilities of the parent entity

As at 31 December 2021, the parent entity had contingent liabilities as guarantor under each of the royalty agreements detailed in note 22(c)(ii) and as guarantor under the US\$45 million convertible note detailed in note 13 (2020: nil).

### Commitments of the parent entity for the acquisition of property, plant and equipment

As at December 2021, the parent entity had nil contractual commitments for the acquisition of property, plant and equipment (2020: nil).

## 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 2021 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 2021.

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



**RICHARD HYDE**  
Executive Chairman & CEO  
30 March 2022

## AUDITOR'S INDEPENDENCE DECLARATION



### 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 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia  
30 March 2022



**B G McVeigh**  
Partner

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# INDEPENDENT AUDITOR'S REPORT



## 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 2021, 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:

- giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- 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

### Acquisition of Kiaka Tenements

Note 12 to the financial report

On 30 November 2021, the Group completed the acquisition of the Kiaka Tenements.

This acquisition was accounted for as an asset acquisition as the activities of the entity did not constitute a business.

We considered this to be a key audit matter due to the size of the impact on the financial statements and its important to users of the financial statements.

- Our audit procedures included but were not limited to the following:
- Considering the possible application of the transaction under the requirements of AASB 3 Business Combinations.
  - Reviewing the sale and purchase agreement to understand key terms and conditions.
  - Agreeing the fair value of the consideration paid to supporting information.
  - Obtaining audit evidence that the acquisition date assets and liabilities of acquiree were fairly stated.
  - Considering the allocation of the excess of the value of the consideration over the net assets acquired to exploration and evaluation expenditure.
  - Ensuring appropriateness to recognise the resultant exploration and evaluation asset at balance date.
  - Assessing the adequacy of the Group's disclosures in the financial report with respect to this asset acquisition.

### Revenue recognition

Note 3 to the financial report

The Group generates revenue predominantly from the sale of gold. The Group recognised sales revenue of \$712.1 million for the year (2020: \$311.2 million).

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 it not being recognised in the correct accounting period.
- 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 2021 and January 2022, testing a sample of transactions to underlying documentation and assessing the period in which they were recognised.
- Matching gold produced against gold sold for the year.

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.



### Recoverability of mine assets

Note 10 to the financial report

As at 31 December 2021 the Group had mine development assets of \$100.3 million.

Assessing the recoverability and carrying value of this balance was considered to be a key audit matter due to the judgements and estimations involved.

These estimations and judgements surround two areas being impairment indicators and the amortisation and depreciation associated with this asset.

Impairment indicators involve assessing future forecasts and judgement around recoverability of the asset.

Amortisation and depreciation involves using estimated reserves and resources (used as the denominator in a "units-of-production" calculation) of the mines.

Our audit procedures included but were not limited to the following:

- Testing impairment indicators to ensure that no such indicators exist at amortisation is progressing at an appropriate rate.
- Reviewing future plans for the mine assets and ensuring that such plans support the recoverability of the mine.
- Assessing the current carrying value of the mine development assets and ensuring items capitalised during the period were appropriate to capitalise.
- Assessing the application of reserves and resources in the amortisation models by comparing them to the latest published statement and underlying mining records.
- Testing the mathematical accuracy of the amortisation models.
- Assessing the adequacy of the Group's disclosures relating to amortisation.

### 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 2021, 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 2021.

In our opinion, the Remuneration Report of West African Resources Limited for the year ended 31 December 2021 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  
30 March 2022



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 10 March 2022.

### DISTRIBUTION OF SHARES

Distribution	Number of holders	Securities held
1 – 1,000	766	421,696
1,001 – 5,000	1,421	3,989,120
5,001 – 10,000	753	5,980,407
10,000 – 100,000	1,316	43,584,598
100,001 – and over	335	967,053,922
<b>Total</b>	<b>4,591</b>	<b>1,021,029,743</b>

The number of shareholdings held in less than marketable parcels is 226.

### 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 GLOBAL (NEW YORK)	120,703,684	11.82%
<b>Total</b>	<b>120,703,684</b>	<b>11.82%</b>

### TWENTY LARGEST SHAREHOLDERS

Shareholder Name	No. of shares held	% Holding
1 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	319,397,545	31.28%
2 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	123,401,105	12.09%
3 CITICORP NOMINEES PTY LIMITED	75,086,485	7.35%
4 CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	57,840,762	5.66%
5 BNP PARIBAS NOMS PTY LTD <DRP>	39,959,550	3.91%
6 AIGLE ROYAL CAPITAL PTY LTD <AIGLE ROYAL CAPITAL DIS A/C>	30,800,000	3.02%
7 NATIONAL NOMINEES LIMITED	28,221,427	2.76%
8 BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	23,747,883	2.33%
9 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	23,092,352	2.26%
10 B2GOLD CORP	22,190,508	2.17%
11 ZERO NOMINEES PTY LTD	19,350,000	1.90%
12 MR RICHARD HYDE	17,003,433	1.67%
13 STICHTING LICHFIELD US\C <A/C 051 52041 9>	13,250,000	1.30%
14 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	12,781,605	1.25%
15 BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	10,880,605	1.07%
16 MR PHILLIP RICHARD PERRY	10,130,834	0.99%
17 UBS NOMINEES PTY LTD	6,297,564	0.62%
18 GAMS-MINING F&I LTD	4,931,224	0.48%
19 MR GRAEME JOHN HAINES + MRS SHARNI GAY HAINES + MR MALCOLM ARNOLD HAINES <G & S HAINES SF A/C>	4,739,700	0.46%
20 LUJETA PTY LTD <MARGARET A/C>	3,846,154	0.38%
<b>Total</b>	<b>846,948,736</b>	<b>82.95%</b>

## 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 1,021,029,743 ordinary shares on the Company's register.

## VOTING RIGHTS

All shares carry one vote per unit without restriction.

## UNLISTED OPTIONS

11,656,743 options and performance rights are held by 29 option holders.

Neither options nor performance rights carry a right to vote.

## SUMMARY OF TENEMENTS AT 10 MARCH 2022

Tenement name	Registered holder	% held	Tenement number	Grant date	Expiry date	Tenement type	Area (km <sup>2</sup> )	Geographical location
<b>Goudré<sup>1</sup></b>	Wura Resources Pty Ltd SARL	100%	No 2018-186/MMC/SG/DGCM	5-Sep-18	23-Mar-21	EL	175	Ganzourgou Province
<b>Manessé II</b>	Tanlouka SARL	100%	No 2020-254/MMC/SG/DGCM	13-Nov-20	12-Nov-23	EL	86.67	Ganzourgou Province
<b>Bollé<sup>2</sup></b>	Wura Resources Pty Ltd SARL	100%	No 17 – 223//MMC/SG/DGCM	21-Nov-17	20-Nov-20	EL	205.5	Ganzourgou Province
<b>Diakora<sup>2</sup></b>	Jean Donessoune	100%	No 2017-140/MMC/SG/DGCM	7-Sep-17	6-Sep-20	EL	58.66	Comoé Province
<b>Dounougou<sup>2</sup></b>	Jean Donessoune	100%	No 2017-139/MMC/SG/DGCM	7-Sep-17	6-Sep-20	EL	132.57	Comoé Province
<b>Tieradeni I<sup>2</sup></b>	Jean Donessoune	100%	No 2017-138/MMC/SG/DGCM	7-Sep-17	6-Sep-20	EL	141.5	Comoé Province
<b>Nakomgo</b>	Kiaka Gold SARL	100%	No 2021-187/ MEMC/SG/DGCM	24-Oct-20	23-Oct-23	EL	249.19	Bazega and Ganzourgou Provinces
<b>Mankarga V3</b>	Jacques Teegawéndé Zongo	100%	No 2020-170/ MMC/SG/DGCM	16-Jul-20	15-Jul-23	EL	52.595	Ganzourgou Province
<b>Woura</b>	Steven Lewis Pingwende Kinda	100%	No 2019-101/MMC/SG/DGCM	29-May-19	28-May-22	EL	237.81	Zoundweogo and Boulgou Provinces
<b>Bola</b>	Wend-Dinmadegre Narcisse Kabore	100%	No 2019-55/MMC/SG/DGCM	15-May-19	14-May-22	EL	202.027	Zoundweogo and Boulgou Provinces
<b>Koudre II</b>	Kallilou Ghislain Diasso	100%	No 2019-187/MMC/SG/DGCM	4-Nov-19	3-Nov-22	EL	91.046	Zoundweogo Province

<sup>1</sup> Exceptional renewal application in progress.

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

## SUMMARY OF TENEMENTS (CONTINUED)

AT 10 MARCH 2022

Tenement name	Registered holder	% held	Tenement number	Grant date	Expiry date	Tenement type	Area (km <sup>2</sup> )	Geographical location
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
Kiaka	Kiaka SA	90%	Décret No 2016 – 590/PRES/PM/MEMC/MINEFID/MEEVCC	9-Jul-16	7-Jul-36	ML	54.02	Zoundweogo Province
Sana	Kiaka Gold SARL	100%	No 2021-186/MEMC/SG/DGCM	24-Oct-20	23-Oct-23	EL	143.43	Zoundweogo and Ganzourgou Provinces
Kiaka II	Kiaka Gold SARL	100%	No 2020-313/MMC/SG/DGCM	24-Oct-20	23-Oct-23	EL	179.9	Zoundweogo and Boulgou Provinces

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