West African Resources Limited

Financial Report

for the half-year ended 30 June 2019

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CORPORATE INFORMATION

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

Company Secretary
Simon Storm

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ASX trading code
WAF

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ABN 70 121 539 375

DIRECTORS' REPORT

The Directors present the financial report of West African Resources Limited (the "Company") and its controlled subsidiaries (the "Group" or "West African") for the half-year ended 30 June 2019.

DIRECTORS

The following persons were Directors of West African Resources Ltd during the whole of the half-year and up to the date of this report:

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

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year were development of the Sanbrado Gold Project in Burkina Faso and mineral exploration in Burkina Faso. This is consistent with the previous reporting period.

REVIEW OF OPERATIONS

Background

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

Operating results and financial position

The net loss of the Group for the six-month period ended 30 June 2019 of $3,491,000 was $60,000 lower than the $3,551,000 net loss of the comparative six-months. The result mainly reflects a $612,000 reduction in exploration and evaluation (E&E) expenses, a $582,000 reduction in impairment expense and a $363,000 increase in interest income versus the comparative period, partially offset by a $375,000 increase in personnel costs, a $425,000 increase in consultants costs, and a $749,000 increase in foreign exchange losses.

The lower E&E expense is a result of the Group's focus on Sanbrado construction in the current period. The amount of interest expensed in the half-year ended 30 June 2019 was only $3,000 due to the Group's accounting policy to capitalise borrowing costs related to Sanbrado project financing during the construction period.

Net assets at 30 June 2019 were $77,313,000 which is a relatively similar level to the comparative period ($77,763,000 at 31 December 2018). This is mainly due to the significantly higher asset balances being offset by higher borrowings and provisions balances.

Total assets increased by $106,514,000 from the comparative period mainly due a $12,950,000 higher cash balance, a $9,158,000 higher property, plant and equipment ("PPE") balance and a $87,159,000 higher mine properties balance. The higher PPE balance mainly reflects the capitalisation of right-of-use assets under the Group's newly adopted accounting policy for leases. The higher mine properties balance reflects the capitalisation of development costs for the Sanbrado project.

Loans and borrowings increased from nil to $101,889,000 during the half-year reflecting the drawdown of project debt financing for Sanbrado. Provisions increased by $2,383,000 in the half-year mainly due to recording an increase in the rehabilitation provision for Sanbrado.

Cash increased by $12,950,000 during the half-year period to $79,305,000 at 30 June 2019 ($66,355,000 at 31 December 2018) due to a $95,249,000 net cash inflow from financing activities, partially offset by a $3,317,000 net cash outflow from operating activities and a $78,665,000 net cash outflow from investing activities. Cash usage in investing activities during the half year mainly represents Sanbrado development expenditure and the capitalisation of interest during the construction period. The cash inflow from financing activities mainly reflects $105,770,000 proceeds from borrowings related to the project financing for Sanbrado, partially offset by $10,763,000 of transaction costs related to the Sanbrado project financing.

Summary of activities

Sanbrado overview

The results of the updated Feasibility Study for the Sanbrado Gold Project in Burkina Faso were provided in an announcement titled "West African to produce 300Koz gold in Year 1 at Sanbrado" on 16 April 2019. As detailed in the announcement, the updated Feasibility Study envisages an initial 10-year mine life with an average annual production over the first 5 years of mine life of 217,000 ounces of gold. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement on 16 April 2019 and that all material assumptions and technical parameters underpinning the estimates of forecast financial information derived from the previous production targets, and the resource estimate, as outlined in that announcement, continue to apply and have not materially changed.

Sanbrado development

At the end of June 2019, Sanbrado project development is 45 percent complete, with Stage 1 infrastructure earthworks and civil construction complete, 21km powerline, pipeline and water dam complete, erection of the carbon-in-leach (CIL) tanks underway, the boxcut and portal were completed, and the underground decline advanced more than 80m.

Award of major construction contracts was nearly completed and detailed engineering was 99 percent completed. Concrete foundations for the CIL tanks, SAG and ball mill and reclaim chamber were all poured, and crusher and SAG mill heads and trunnions were delivered to site.

The 270-person camp is more than 50 percent complete, with five 30-man accommodation units completed and work ongoing on units 6 to 9 at the end of the period. The medical clinic, police and security buildings and camp wall were all completed during the quarter. The camp kitchen and mess were also completed and operational. The construction of Sanbrado remains on time and on budget with the first gold pour expected to occur in mid-2020. Photos showing the construction progress are shown below.

Photo 1: general site layout. 1.5M m^3 WSF in background

Photo 2: process plant area. CIL tanks, milling and thickener areas.

Photo 3: 500m x 500m lined 1.5M m^3 WSF. Pumping in progress see bottom right corner.

Photo 4: 21km power, pipeline (buried) and access road to the Nakambe River completed.

Photo 5: reclaim tunnel and pebble crusher pad.

Photo 6: power station, HFO storage area.

Photo 7: decline advancement at M1 South.

Photo 8: Sanbrado camp, mess and kitchen (foreground).

Photo 9: wet mess, swimming pool and recreational area.

Photo 10: new homes built for resettlement

Sanbrado grade control drilling

M5 Drilling

In June 2019, West African reported assay results from its maiden grade control (GC) drilling program from its M5 deposit. GC holes targeted early production tonnes from near-surface mineralisation within the M5 stage 1 oxide open pit.

Initial drilling was completed on a nominal 12.5m by 12.5m pattern over the stage 1 pit area, with two areas of tighter spaced 12.5m by 6.25m spaced drilling to test the independently prepared April 2019 Mineral Resource Estimate (MRE) (see Figure 1).

Drilling has upgraded the confidence level in both the interpretation as well as gold grade estimation in the upper 20m of the deposit. This maiden program covers the first six months of the M5 scheduled open pit ore.

Highlights from M5 GC drilling during the period included:

- 27m at 14 g/t Au from 2m*, including 8m at 45.1 g/t Au
- 29m at 13.2 g/t Au from surface*, including 18m at 18.2 g/t Au from 11m
- 29m at 5 g/t Au from surface*, including 3m at 19.1 g/t Au from 4m
- 29m at 3.9 g/t Au from surface*, including 3m at 13.9 g/t Au
- 8m at 13.1 g/t Au from surface, including 3m at 33.8 g/t Au
- 29m at 3.5 g/t Au from surface*, including 5m at 14.4 g/t Au
- 29m at 3.5 g/t Au from surface*, including 2m at 38.7 g/t Au
- 29m at 2.9 g/t Au from surface*
- 28m at 6.2 g/t Au from surface, including 13m at 11.3 g/t Au from 4m
- 20m at 7.8 g/t Au from surface, including 3m at 41 g/t Au from 16m
- 25m at 6.2 g/t Au from surface, including 15m at 9.6 g/t Au from surface
- 23m at 5.6 g/t Au from surface*, including 6m at 16 g/t Au from 3m

* Denotes ends in mineralisation

Infill drilling at M5 encountered mineralisation wider than modelled in the April 2019 MRE over a number of sections through the central and northern portion of the M5 starter pit, with exceptional results that have significantly de-risked the start-up at Sanbrado.

Results confirmed extensive wide zones of soft free milling oxide ore of between 30m to 60m wide which will form the bulk of the mill feed during the commissioning and the first six months of production. Follow-up infill drilling has been planned and will be completed once drilling at other open pit areas have been completed. At the half year, drilling was ongoing at the M1 South open pit area. Drilling was completed at M5 in June, ahead of the start if mining of the stage 1 open pit in Q1 2020.

M1 South

West African commenced a grade control (GC) drilling program at the M1 South open-pit area in June, following completion of a maiden GC program at the M5 deposit. The first pass program was completed after the period end in July, with follow-up grade control drilling being completed at M5.

Following the first pass grade control program over the M1 South open pit area, further drilling is scheduled for M5 in order to expand on this initial drill grid, as results to date appear to show several areas where mineralisation has been wider than interpreted in the April 2019 MRE.

Figure 1: M5 grade control drilling – hole location plan. Note cross section locations

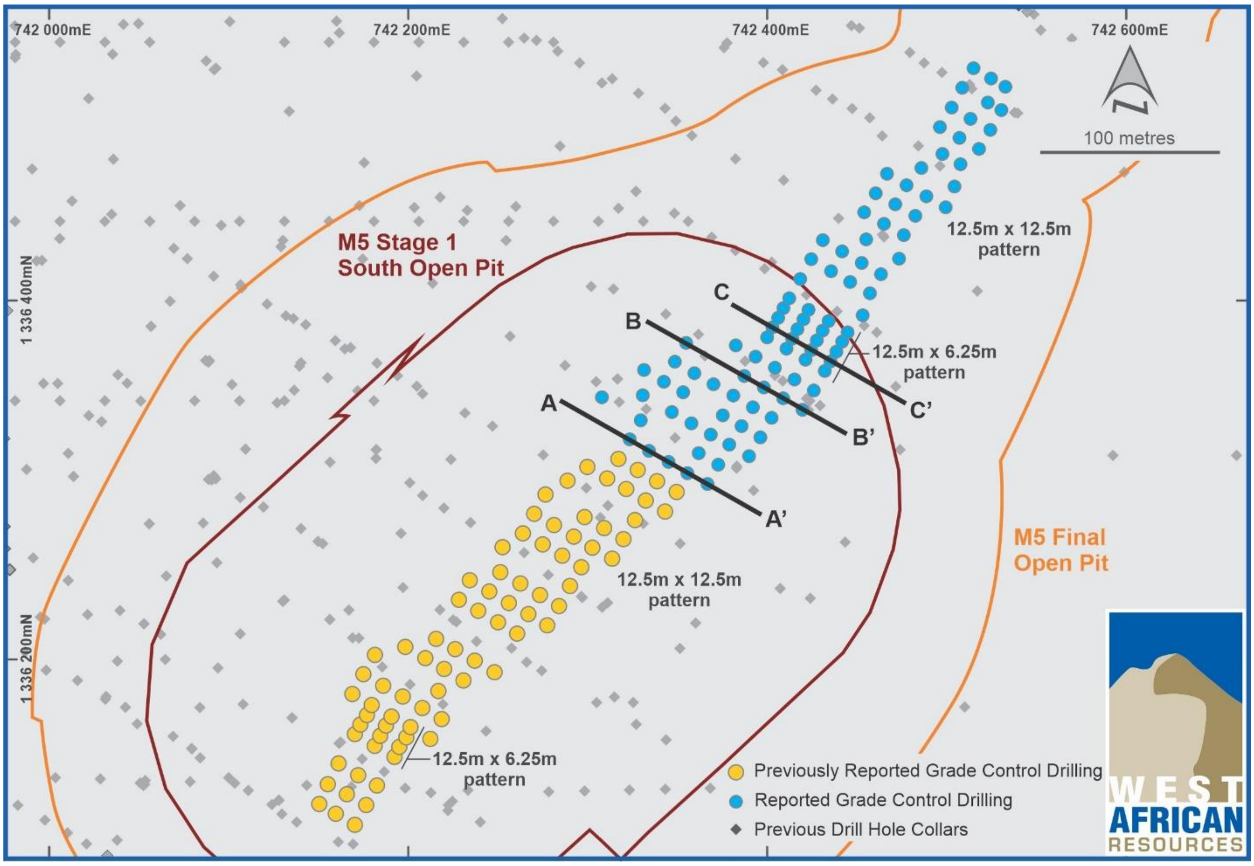


Figure 2: M5 grade control drilling – cross-section A-A'

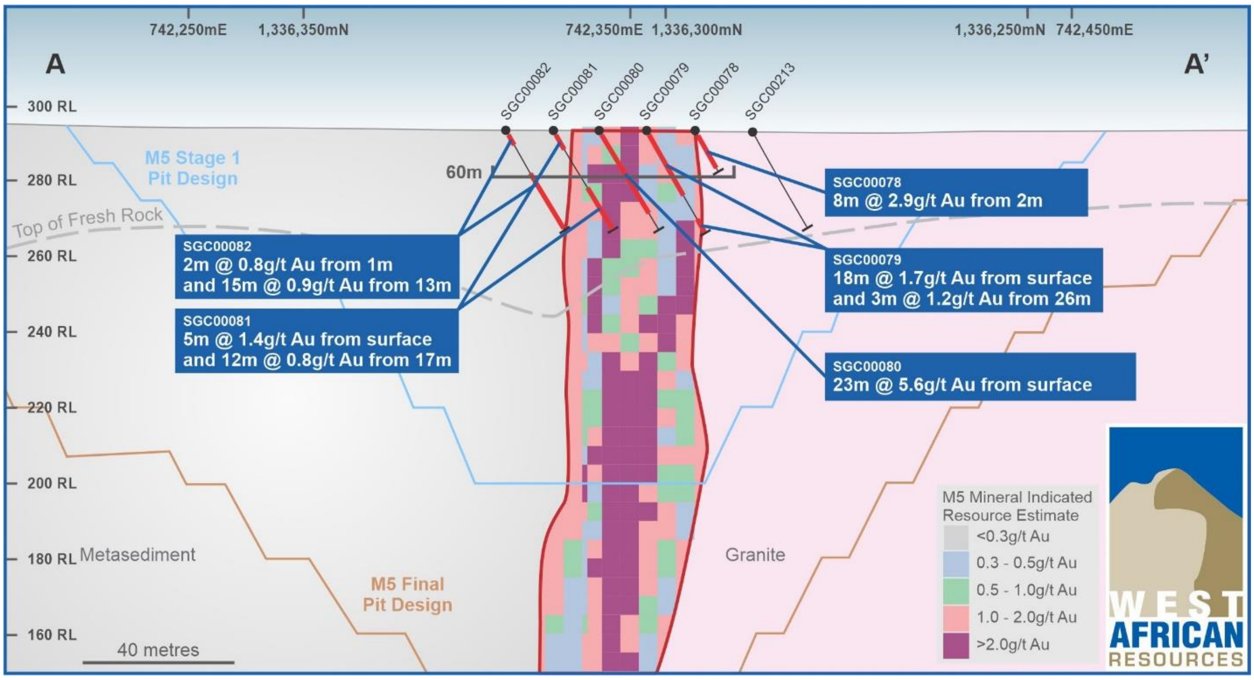


Figure 3: M5 grade control drilling – cross-section B-B'

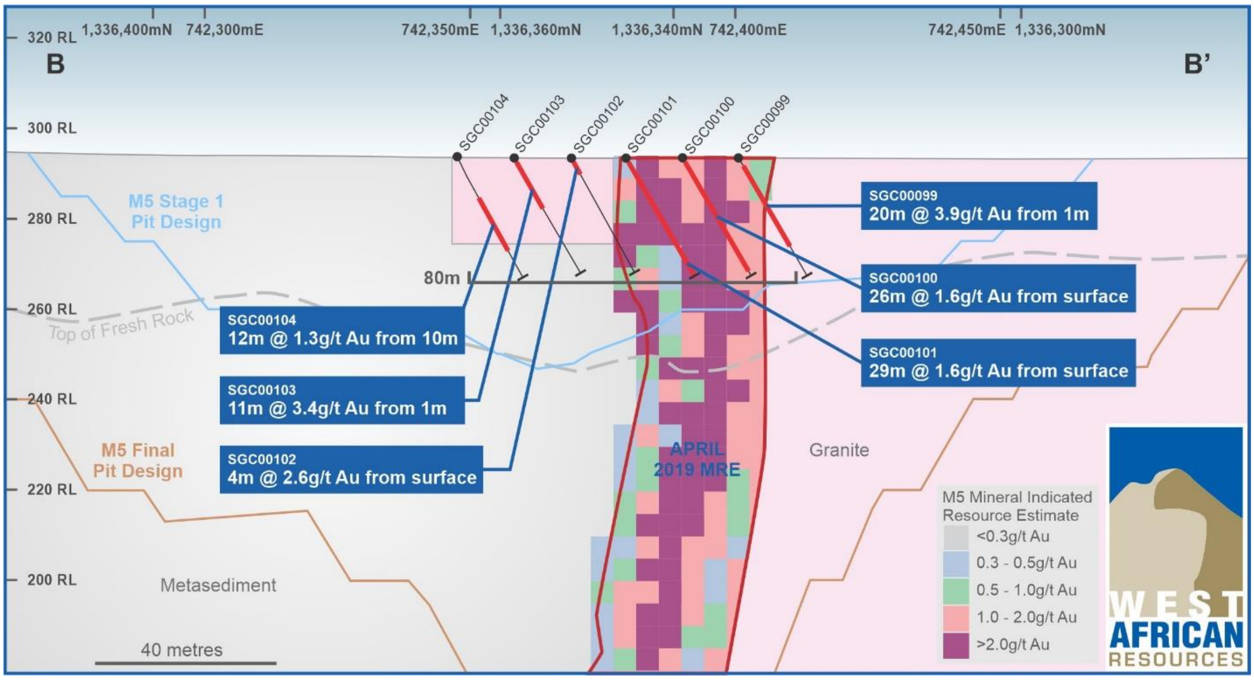
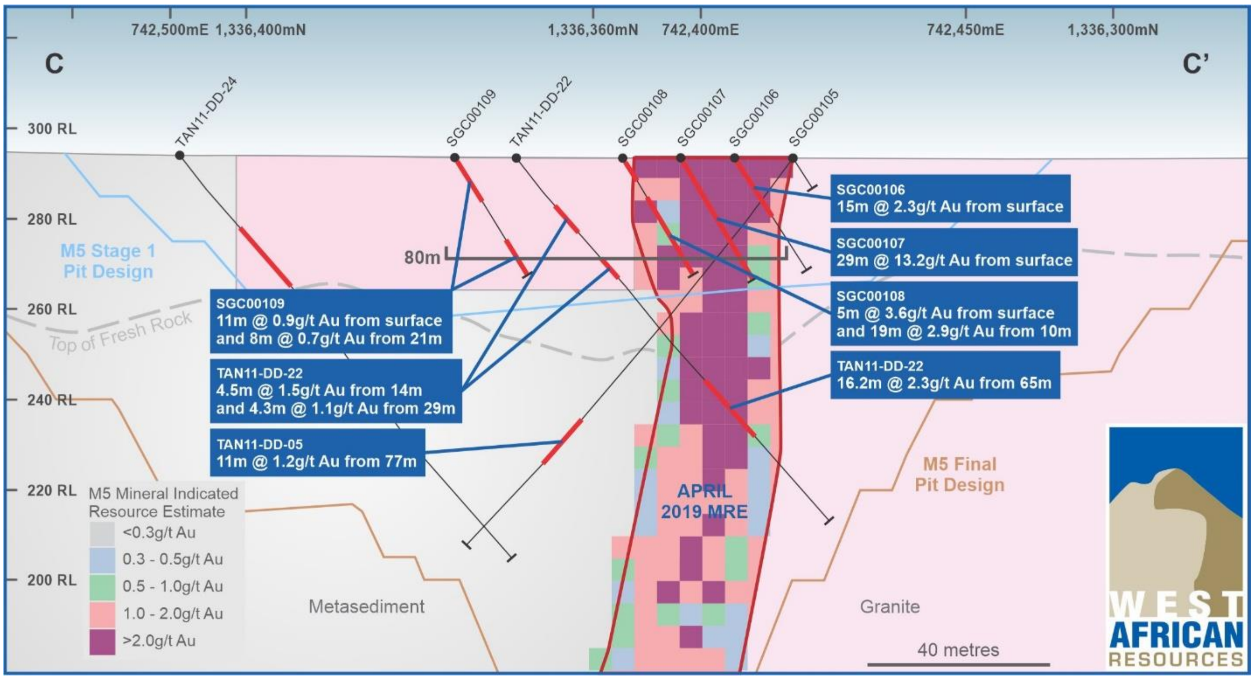


Figure 4: M5 grade control drilling – cross-section C-C'



EVENTS SUBSEQUENT TO THE REPORTING DATE

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes to the state of affairs of the Group during or since the 6 months ended 30 June 2019, not otherwise disclosed in this report.

AUDITOR INDEPENDENCE

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 36 and forms part of this report.

Signed in accordance with a resolution of the directors.

RICHARD HYDE
Managing Director
Perth, 5 September 2019

Competent Persons and Qualified Persons Statement

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

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

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

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

Forward looking information

This financial report contains "forward-looking information" within the meaning of applicable Canadian and Australian securities legislation, including information relating to West African's future financial or operating performance that may be deemed "forward looking". All statements in this financial report, other than statements of historical fact, that address events or developments that West African expects to occur, are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond West African's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

In the case of this financial report, these facts include their anticipated operations in future periods, the expected enhancement to project economics following optimisation studies, planned exploration and development of its properties including project development construction schedule, and plans related to its business and other matters that may occur in the future, including the availability of future funding for the development of the Sanbrado Gold Project. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. Statements concerning mineral resource and ore reserve estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralisation that will be encountered if a mineral property is developed..

As well, all of the results of the feasibility study constitute forward-looking information, including estimates of internal rates of return, net present value, future production, estimates of cash cost, assumed long term price for gold, proposed mining plans and methods, mine life estimates, cashflow forecasts, metal recoveries, and estimates of capital and operating costs. Furthermore, with respect to this specific forward-looking information concerning the development of the Sanbrado Gold Project, the company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include among others:

i. the adequacy of infrastructure;
ii. unforeseen changes in geological characteristics;
iii. metallurgical characteristics of the mineralization;
iv. the price of gold;
v. the availability of equipment and facilities necessary to complete development and commence operations;
vi. the cost of consumables and mining and processing equipment;
vii. unforeseen technological and engineering problems;
viii. accidents or acts of sabotage or terrorism;
ix. currency fluctuations;
x. changes in laws or regulations;
xi. the availability and productivity of skilled labour;
xii. the regulation of the mining industry by various governmental agencies; and
xiii. political factors.

This financial report may also contains references to estimates of Mineral Resources and Mineral Reserves. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation (including estimated future production from the project, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realized), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on:

i. fluctuations in gold price;
ii. results of drilling;
iii. metallurgical testing and other studies;
iv. proposed mining operations, including dilution;
v. the evaluation of mine plans subsequent to the date of any estimates; and
vi. the possible failure to receive, or changes in, required permits, approvals and licenses.

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2019

	Note	Consolidated Six months ended 30 June 2019 $'000	 Six months ended 31 December 2018 $'000
Revenue from continuing operations	2(a)	**768**	405
Personnel costs	2(b)	**(1,014)**	(639)
Consultants		**(708)**	(283)
Contractors		**(3)**	(4)
Occupancy costs		**(39)**	(42)
Legal costs		**(13)**	(110)
Travel and accommodation		**(118)**	(71)
Exploration and evaluation expenses		**(1,060)**	(1,672)
Listed entity costs		**(66)**	(176)
Overheads		**(170)**	(99)
Interest expense – lease		**(3)**	-
Forex realised gain/(loss)		**(308)**	-
Forex unrealised gain/(loss)		**(616)**	(175)
Other expenses		**-**	(13)
Impairment of other receivables		**-**	(582)
Depreciation expense	2(c)	**(141)**	(90)
Loss before tax		**(3,491)**	(3,551)
Income tax expense		**-**	-
Loss after tax		**(3,491)**	(3,551)
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**1,880**	717
Other comprehensive loss, net of income tax		**1,880**	717
Total comprehensive loss for the period		**(1,611)**	(2,834)
Loss attributable to:			
Owners of the parent		**(3,159)**	(3,536)
Non-controlling interest		**(332)**	(15)
		(3,491)	(3,551)
Total comprehensive loss attributable to:			
Owners of the parent		**(1,279)**	(2,819)
Non-controlling interest		**(332)**	(15)
		(1,611)	(2,834)
Basic and diluted loss per share (cents per share)		**(0.4)**	(0.5)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	Consolidated 30 June 2019 $'000	Consolidated 31 December 2018 $'000
CURRENT ASSETS			
Cash and cash equivalents	3	**79,305**	66,355
Trade and other receivables	4	**1,245**	851
Financial assets		**38**	37
Total Current Assets		**80,588**	67,243
NON-CURRENT ASSETS			
Property, plant & equipment	5	**9,546**	388
Mine properties	6	**105,989**	18,830
Other non-current assets	7	**-**	3,148
Total Non-Current Assets		**115,535**	22,366
TOTAL ASSETS		**196,123**	89,609
CURRENT LIABILITIES			
Trade and other payables	8	**12,383**	9,690
Loans and borrowings	10	**1,699**	-
Total Current Liabilities		**14,082**	9,690
NON-CURRENT LIABILITIES			
Loans and borrowings	10	**100,190**	-
Provisions	9	**4,538**	2,155
Total Non-Current Liabilities		**104,728**	2,155
TOTAL LIABILITIES		**118,810**	11,845
NET ASSETS		**77,313**	77,763
EQUITY			
Issued capital	11	**162,574**	161,947
Reserves	12	**9,958**	7,544
Accumulated losses		**(92,803)**	(89,640)
Equity attributable to owners of the parent		**79,729**	79,851
Non-controlling interest		**(2,416)**	(2,088)
TOTAL EQUITY		**77,313**	77,763

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2019

	Note	Consolidated	
		30 June 2019	31 December 2018
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		**(1,386)**	(697)
Payments to employees		**(1,733)**	(1,080)
Exploration and evaluation expenditure		**(924)**	(2,880)
Interest received		**729**	428
Interest paid		**(3)**	-
Finance costs		**-**	(1)
Net cash outflow from operating activities		**(3,317)**	(4,230)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(54)**	(116)
Development expenditure		**(76,365)**	(11,756)
Capitalised interest during construction		**(2,246)**	-
Net cash outflow from investing activities		**(78,665)**	(11,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**219**	43,175
Proceeds from exercise of share options		**423**	-
Proceeds from borrowings		**105,770**	-
Payments for share issue costs		**(14)**	(2,043)
Payments for lease liabilities		**(386)**	-
Transaction costs related to loans and borrowings		**(10,763)**	(1,066)
Net cash inflow from financing activities		**95,249**	40,066
Net increase / (decrease) in cash held		**13,267**	23,965
Cash at the beginning of the financial period		**66,355**	42,565
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(317)**	(175)
Cash at the end of the financial period	3	**79,305**	66,355

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2019

	Consolidated					
	Issued capital $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2018	120,815	(88,177)	(47)	6,702	-	39,292
Loss after tax	-	(3,536)	-	-	(15)	(3,551)
Other comprehensive income for the year	-	-	717	-	-	717
Total comprehensive loss for the year	-	(3,536)	717	-	(15)	(2,834)
Shares issued during the year net of transaction costs	41,132	-	-	-	-	41,132
Transfer to non-controlling interest	-	2,073	-	-	(2,073)	-
Share-based payments	-	-	-	172	-	172
Balance at 31 December 2018	161,947	(89,640)	670	6,874	(2,088)	77,763
Balance at 1 January 2019	**161,947**	**(89,640)**	**670**	**6,874**	**(2,088)**	**77,763**
Loss after tax	-	(3,159)	-	-	(332)	**(3,491)**
Other comprehensive income for the year	-	-	1,880	-	-	**1,880**
Total comprehensive loss for the year	-	(3,159)	1,880	-	(332)	**(1,611)**
Shares issued during the year net of transaction costs	627	-	-	-	-	**627**
Transfer to non-controlling interest	-	(4)	-	-	4	**-**
Share-based payments	-	-	-	534	-	**534**
Balance at 30 June 2019	**162,574**	**(92,803)**	**2,550**	**7,408**	**(2,416)**	**77,313**

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

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

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

These condensed interim financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the annual financial report. It is recommended that these interim financial statements be read in conjunction with the annual financial report for the period ended 31 December 2018, and any public announcements made by the group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

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

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

The consolidated interim financial statements provide comparative information in respect of the previous period. In the current year the Group implemented a new accounting system and chart of accounts which provides an expense presentation in the statement of profit or loss and other comprehensive income that better reflects the way management manages the Group's costs. The comparative information has been reclassified to conform to the current year presentation.

b) Adoption of new and revised standards

AASB 16: *Leases*

AASB 16 replaces:

- AASB 117: *Leases*,
- Interpretation 4: *Determining whether an Arrangement contains a Lease*,
- Interpretation 115: *Operating Leases-Incentives; and*
- Interpretation 127: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

For the lessee, AASB 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a lease liability for the present value obligation and a 'right-of-use' asset. The right-of-use assets are calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This results in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense. There are exemptions for short-term leases and leases of low-value items.

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

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable from 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

    - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    - facts and circumstances indicated that it was more remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise and extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property and equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

c) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in this half-year report.

The Group applied AASB 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under AASB 117. Under AASB 16, the Group assess whether a contract is or contains a lease based on the definition of a lease, as explained in Note 1(b).

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of machinery, IT equipment and leases of property. For leases of other assets, which were classified as operating under AASB 117, the Group recognised right-of-use assets and lease liabilities.

Leases classified as operating leases under AASB 117

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its property and equipment leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of onerous contract provision provided in AASB 137 immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

d) Statement of compliance

These consolidated half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, International Financial Reporting Standards and complies with other requirements of the law. The half-year financial report was authorised for issue on 5 September 2019.

e) Significant accounting judgements and key estimates

The preparation of this half-year 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 half-year financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report for the year ended 31 December 2018, with the exception of the Group's application of the new accounting policy for leases under AASB 16.

The key judgements related to the new accounting policy for leases included:

- the assessment of contracts to determine whether they contain a lease and if so, whether they also contain non-lease components;
- the estimated useful lives of right-of-use assets, which are used to determine depreciation and carrying value (note 5); and
- the discount rate of the leases, which is used to calculate the lease liabilities (note 10(b)).

2. REVENUE AND EXPENSES

	Consolidated	
	Six months ended	Six months ended
	30 June 2019	31 December 2018
	$'000	$'000
(a) Revenue		
Interest received	**768**	405
	768	405
(b) Personnel costs		
Salaries and wages	**406**	345
Other employment expenses	**608**	294
	1,014	639
(c) Depreciation expense		
Depreciation expense – property, plant and equipment	**94**	90
Depreciation expense – right-of-use asset	**47**	-
	141	90

3. CASH AND CASH EQUIVALENTS

	Consolidated	
	30 June 2019	31 December 2018
	$'000	$'000
Cash at bank and in hand	**79,305**	7,297
Short-term deposits	**-**	59,058
	79,305	66,355

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

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

4. TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2019	31 December 2018
	$'000	$'000
Current		
Interest receivable	**123**	91
Prepayments	**296**	204
Other receivables	**2,668**	2,417
Loan to Director	**312**	304
Allowance for impairment	**(2,154)**	(2,166)
	1,245	851

5. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	30 June 2019 $'000	31 December 2018 $'000
Property, plant and equipment owned	**330**	388
Right-of-use assets	**9,216**	-
	9,546	388

a) Property, plant and equipment owned

	Consolidated				
Carrying value	Buildings $'000	Office Equipment $'000	Plant & Equipment $'000	Motor Vehicles $'000	Total $'000
31 December 2018					
1 July 2018 - net of accumulated depreciation	123	19	230	3	375
Effects of movement in foreign exchange	3	-	5	-	8
Additions	1	40	-	54	95
Depreciation charge for the year	(25)	(9)	(47)	(9)	(90)
31 December 2018 - net of accumulated depreciation	102	50	188	48	388
30 June 2019					
1 January 2019 - net of accumulated depreciation	**102**	**50**	**188**	**48**	**388**
Effects of movement in foreign exchange	**(5)**	**(0)**	**(3)**	**(0)**	**(8)**
Additions	**-**	**45**	**-**	**9**	**54**
Depreciation charge for the year	**(25)**	**(17)**	**(50)**	**(12)**	**(104)**
30 June 2019 - net of accumulated depreciation	**72**	**78**	**135**	**45**	**330**
Cost and accumulated depreciation					
31 December 2018					
Cost	191	264	1,690	933	3,078
Accumulated depreciation	(89)	(214)	(1,502)	(885)	(2,691)
Net carrying amount	102	50	188	48	388
30 June 2019					
Cost	**190**	**310**	**1,682**	**939**	**3,121**
Accumulated depreciation	**(118)**	**(232)**	**(1,547)**	**(894)**	**(2,791)**
Net carrying amount	**72**	**78**	**135**	**45**	**330**

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

b) Right-of-use assets

	Property	Equipment	Total
	$'000	$'000	$'000
Balance at 1 January 2019	-	-	**-**
Additions	127	9,602	**9,729**
Depreciation charge for the half-year	(47)	(459)	**(506)**
Effect of foreign currency translation	-	(7)	**(7)**
Balance at 30 June 2019	**80**	**9,136**	**9,216**

6. MINE PROPERTIES

	Consolidated	
	30 June 2019	31 December 2018
	$'000	$'000
Mines under construction		
Balance at 1 January 2019	**18,830**	-
Additions	**84,172**	16,555
Change in rehabilitation provision	**2,365**	2,121
Effects of movement in foreign exchange	**622**	154
Balance at 30 June 2019	**105,989**	18,830

7. OTHER NON-CURRENT ASSETS

	Consolidated	
	30 June 2019	31 December 2018
	$'000	$'000
Transaction costs	**-**	3,148
	-	3,148

At 31 December 2018, the transaction costs represent amounts directly attributable to establishing the Sanbrado Gold Project debt facility. These amounts have been reclassified to borrowings upon initial drawdown of the facility in the half-year ended 30 June 2019.

8. TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2019	31 December 2018
	$'000	$'000
Current		
Trade payables	**10,292**	6,383
Accruals	**1,855**	2,936
Other payables	**236**	371
	12,383	9,690

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

9. PROVISIONS

	Consolidated	
	30 June 2019	**31 December 2018**
	$'000	**$'000**
Non-current		
Long service leave provision	**52**	35
Rehabilitation provision	**4,486**	2,121
	4,538	2,155
Reconciliation of movements in rehabilitation provision		
Balance at the start of the period	**2,121**	-
Increase in rehabilitation provision during the period	**2,365**	2,121
Balance at the end of the period	**4,486**	2,121

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

10. LOANS AND BORROWINGS

	Consolidated	
	30 June 2019	**31 December 2018**
	$'000	**$'000**
Current	**1,699**	-
Non-current	**100,190**	-
	101,889	-

a) Project debt facility

	Consolidated	
	30 June 2019	**31 December 2018**
	$'000	**$'000**
Non-current		
Project debt facility	**105,770**	-
Transaction costs	**(13,218)**	-
	92,552	-

A project debt facility of US$200 million was executed during the period with Taurus Funds Management Pty Ltd for the development of the Sanbrado gold project. The facility is secured against the assets of the Group, with interest charged at 7.75% per annum on drawn amounts and 2% per annum on the undrawn amount. The balance drawn at 30 June 2019 was US$75 million, with US$125 million remaining undrawn. The Group is also obligated to pay a product fee under the facility (refer to note 14(c)).

The principle repayment plus interest profile of the project debt facility at 30 June 2019 appears in the table below.

	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000
Project debt facility	4,244	4,198	39,841	78,573	-

b) Leases

	Consolidated	
	30 June 2019 $'000	31 December 2018 $'000
Current		
Operating lease liability	**1,699**	-
Non-current		
Operating lease liability	**7,638**	-
	9,337	-

Maturity analysis – contractual undiscounted cash flows

	Less than one year $'000	1-5 years $'000	More than 5 years $'000	Total $'000
Operating leases	2,232	8,506	-	10,738

Amounts recognised in profit or loss

	Consolidated	
	30 June 2019 $'000	31 December 2018 $'000
Interest on lease liabilities	**3**	-
Expenses relating to short-term leases	**55**	39
	58	39

Amounts recognised in the statement of cash flows

	Consolidated	
	30 June 2019 $'000	31 December 2018 $'000
Total cash outflow for leases	**389**	-

11. ISSUED CAPITAL

	Consolidated	
	30 June 2019 $'000	**31 December 2018 $'000**
869,400,727 (31 December 2018: 863,524,727) fully paid ordinary shares	**162,574**	161,947

(a) Shares

(i) Ordinary shares - number	**No.**	**No.**
At start of period	**863,524,727**	690,824,727
Issue of shares 13 December 2018	**-**	172,700,000
Issue of shares 30 January 2019	**876,000**	-
Issue of shares 27 March 2019[1]	**5,000,000**	-
Balance at end of period	**869,400,727**	863,524,727

(ii) Ordinary shares – value	**$'000**	**$'000**
At start of period	**161,947**	120,815
Issue of shares 13 December 2018	**-**	43,175
Issue of shares 30 January 2019	**219**	-
Issue of shares 27 March 2019[1]	**423**	-
Share issue costs	**(14)**	(2,043)
Balance at end of period	**162,574**	161,947

[1] Shares issued on exercise of options

(b) Options and rights

	No.	**No.**
At start of period	**20,918,685**	15,978,125
Issue of options 26 September 2018	**-**	500,000
Issue of options 28 November 2018	**-**	1,000,000
Issue of options 28 December 2018	**-**	2,500,000
Issue of Class A performance rights 28 December 2018	**-**	1,022,565
Issue of Class B performance rights 28 December 2018	**-**	944,167
Issue of option 28 December 2018	**-**	1,223,828
Issue of options 14 February 2019	**259,516**	-
Issue of options 5 March 2019	**1,000,000**	-
Exercise of options	**(5,000,000)**	-
Expiry of options	**(2,000,000)**	(2,250,000)
Balance at end of period	**15,178,201**	20,918,685

12. RESERVES

	Consolidated	
	30 June 2019	**31 December 2018**
	$'000	**$'000**
Reserves	**9,958**	7,544
Reserves comprise the following:		
Foreign currency translation reserve		
At start of period	**670**	(47)
Currency translation differences	**1,880**	717
Balance at end of period	**2,550**	670
Share-based payments reserve		
At start of period	**6,875**	6,703
Options issued – share-based payment expense	**508**	172
Options issued in lieu of directors' fees	**25**	-
Balance at end of period	**7,408**	6,875

Nature and purpose of reserves

Foreign currency translation reserve

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

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued to directors, employees and other suppliers or consultants, but not exercised.

13. DIVIDENDS

No dividends have been paid or declared payable since the start of the reporting period (31 December 2018: nil).

14. COMMITMENTS AND OTHER CONTINGENCIES

a) Exploration and mining lease commitments

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

	Consolidated	
	30 June 2019 $'000	31 December 2018 $'000
Due within 1 year	**735**	697
Due after 1 year but not more than 5 years	**194**	539
Due after 5 years	**-**	-
	929	1,236

b) Capital commitments

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

	Consolidated	
	30 June 2019 $'000	31 December 2018 $'000
Due within 1 year	**61,786**	22,336
Due after 1 year but not more than 5 years	**-**	-
Due after 5 years	**-**	-
	61,786	22,336

c) Contingent liabilities

(i) Product fee (Taurus cash settled offtake)

Under the project finance facility for the Sanbrado gold project the Group has a contractual commitment to pay a fee on the first 1.25 million ounces of gold sold from the Sanbrado gold project. The fee for each ounce of gold sold will be calculated as the spread between the actual sales price and the lowest gold price per ounce quoted by the LBMA during the 8 business day period preceding the relevant sale date.

The Group has the option to terminate the product fee commitment at any time by paying the net present value (applying a 5% annual discount rate, and assuming the timing of gold sales as set out in the mine production schedule) of an agreed price per ounce for the gold remaining unsold out of the original 1.25 million ounces.

(ii) Other contingent liabilities

There were no other material contingent liabilities at the reporting date.

15. RELATED PARTY DISCLOSURE

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

Controlled Entities	Country of Incorporation	Percentage Owned 30 June 2019 %	Percentage Owned 31 December 2018 %
Parent Entity:			
West African Resources Ltd	Australia		
Subsidiaries of West African Resources Ltd:			
WAF Finance Pty Ltd	Australia	**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
which owns			
Channel Resources (Cayman I) Ltd	Cayman Islands	**100**	100
which owns			
Channel Resources (Cayman II) Ltd	Cayman Islands	**100**	100
which owns			
Tanlouka SARL	Burkina Faso	**100**	100
Société des Mines de Sanbrado SA [1]	Burkina Faso	**90**	90

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

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

	Consolidated 30 June 2019 $'000	Consolidated 31 December 2018 $'000
Amounts owed by/(to) related parties		
Amounts payable to Directors for directors' fees (including GST)	**10**	10
Amounts payable to Directors for consulting fees (including GST)	**41**	42

16. SUBSEQUENT EVENTS AFTER THE BALANCE DATE

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

17. SHARE-BASED PAYMENT PLANS

a) Options granted during the period

Set out below is a summary of the options granted by the Group during the year ended 31 December 2018 and granted during the Six months ended 30 June 2019 financial periods. The fair value for options granted in financial periods are independently determined using the Black-Scholes and Binomial Option Pricing Models, respectively. Both pricing models take into account the value of the underlying share, the risk-free rate of return, the volatility of the share price, the exercise price of the option, and the remaining time to maturity.

Unlisted options granted in the half year to 30 June 2019					
Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
259,516	14-Feb-19	14-Feb-21	$0.0000	$0.2890	Directors hold continuous office as a director of the Company for 1 year from the date the options were issued
1,000,000	05-Mar-19	05-Mar-22	$0.2950	$0.1250	First gold pour and commercial production
Weighted average exercise price			$0.1475		

Unlisted options granted in the half year to 30 June 2019						
Grant date	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of option	Exercise price	Share price on grant date
14-Feb-19	0%	71%	1.65%	2 years	$0.0000	$0.289
05-Mar-19	0%	71%	1.65%	3 years	$0.2950	$0.275

Unlisted Options - 31 December 2018					
Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
500,000	26-Sep-18	26-Sep-21	$0.3100	$0.1270	First gold production
500,000	28-Nov-18	28-Nov-21	$0.3100	$0.1230	First gold production
500,000	28-Nov-18	28-Nov-21	$0.3100	$0.1230	First concrete pour for the plant
2,500,000	28-Dec-18	28-Dec-21	$0.3200	$0.1040	First gold pour and commercial production
1,022,565	28-Dec-18	28-Dec-21	$0.0000	$0.2500	When the Company achieves certain milestones in relation to its Sanbrado Gold Project within 12 months of the date the performance rights are issued
944,167	28-Dec-18	28-Dec-23	$0.0000	$0.2500	First gold pour and commercial production
1,223,828	28-Dec-18	28-Dec-22	$0.4300	$0.1120	When the company's share price equals 145% of the 5 trading-day VWAP on the grant date
Weighted average exercise price			$0.2500		

Unlisted Options - 31 December 2018						
Grant date	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of option	Exercise price	Share price on grant date
26-Sep-18	0%	71%	2.13%	3 years	$0.3100	$0.285
28-Nov-18	0%	71%	2.09%	3 years	$0.3100	$0.280
28-Nov-18	0%	71%	2.09%	3 years	$0.3100	$0.280
28-Dec-18	0%	71%	1.87%	3 years	$0.3200	$0.250
28-Dec-18	0%	44%	1.93%	1 year	$0.0000	$0.250
28-Dec-18	0%	71%	1.87%	3 years	$0.0000	$0.250
28-Dec-18	0%	74%	2.02%	4 years	$0.4300	$0.250

b) Expenses arising from share-based payment transactions

	Consolidated	
	Six months ended 30 June 2019 $'000	**Six months ended 31 December 2018 $'000**
Share based payments to Directors	**282**	83
Share based payments to employees	**247**	84
Share based payments to third party	**5**	6
	534	172

DIRECTORS' DECLARATION

In the opinion of the Directors:

a. The accompanying financial report and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   (i) giving true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year then ended; and

   (ii) complying with Australian Accounting Standard 134: Interim Financial Reporting, the Corporations Regulation 2001, professional reporting requirements and other mandatory requirements.

b. There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

RICHARD HYDE
Managing Director

5 September 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of West African Resources Limited for the half-year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

Perth, Western Australia	**B G McVeigh**
5 September 2019	**Partner**

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of West African Resources Limited ("the company") which comprises the consolidated statement of financial position as at 30 June 2019, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
5 September 2019