



West African Resources Limited

(ABN 70 121 539 375)

Annual Financial Report for the year ended 30 June 2010

West African Resources Limited

(ABN 70 121 539 375)

CORPORATE INFORMATION

Directors

Francis Harper (Non-Executive Chairman)
Richard Hyde (Managing Director)
Simon Storm
Stephen Ross

Company Secretary

Simon Storm

Registered Office and Principal place of business

Level 2
23 Ventnor Avenue
West Perth, Western Australia 6005 Australia

Website

www.westafricanresources.com

Local Office

Rue Cheik El Hadj Souleymane Kouanda
Arrondissement de Nongr-Maassom
06 BP 10400 Ouagadougou 06
Burkina Faso

Auditors

Stantons International
Level 1
1 Havelock Street
West Perth WA 6005
Ph: +61 (8) 9481 3188
Fax: +61 (8) 9321 1204

Solicitors

Allion Legal
Level 2
50 Kings Park Road
West Perth WA 6005
Tel: +61 (8) 9216 7100

2010 FINANCIAL YEAR HIGHLIGHTS

CORPORATE

- ♦ Successful IPO raised \$6.5million, closed oversubscribed
- ♦ Listed on the Australian Securities Exchange on 11 June 2010

EXPLORATION

- ♦ High-grade RC results confirmed at Boulsa with **8m at 10.37g/t Au**; including **1m at 58.30g/t Au** from 56m at the Fatmatenga Prospect
- ♦ **2.81g/t Au** in shallow auger samples at Barnstoneworth-Meguet Prospect, four new parallel zones defined up to 1500m in strike coincident with high-grade rockchips from artisanal workings (**Figure 1**)
- ♦ New zones 500m along strike from high grade rockchips and significant reverse circulation (RC) results at the Meguet Prospect

OPERATIONS

- ♦ Increased landholding from 2,000 km² to 4,750 km² through licence applications (**Figure 2**)
- ♦ West African to be largest ASX listed landholder in Burkina Faso
- ♦ 250km of shear zone in highly prospective greenstone belts for gold mineralisation
- ♦ New ground includes high-quality structural targets

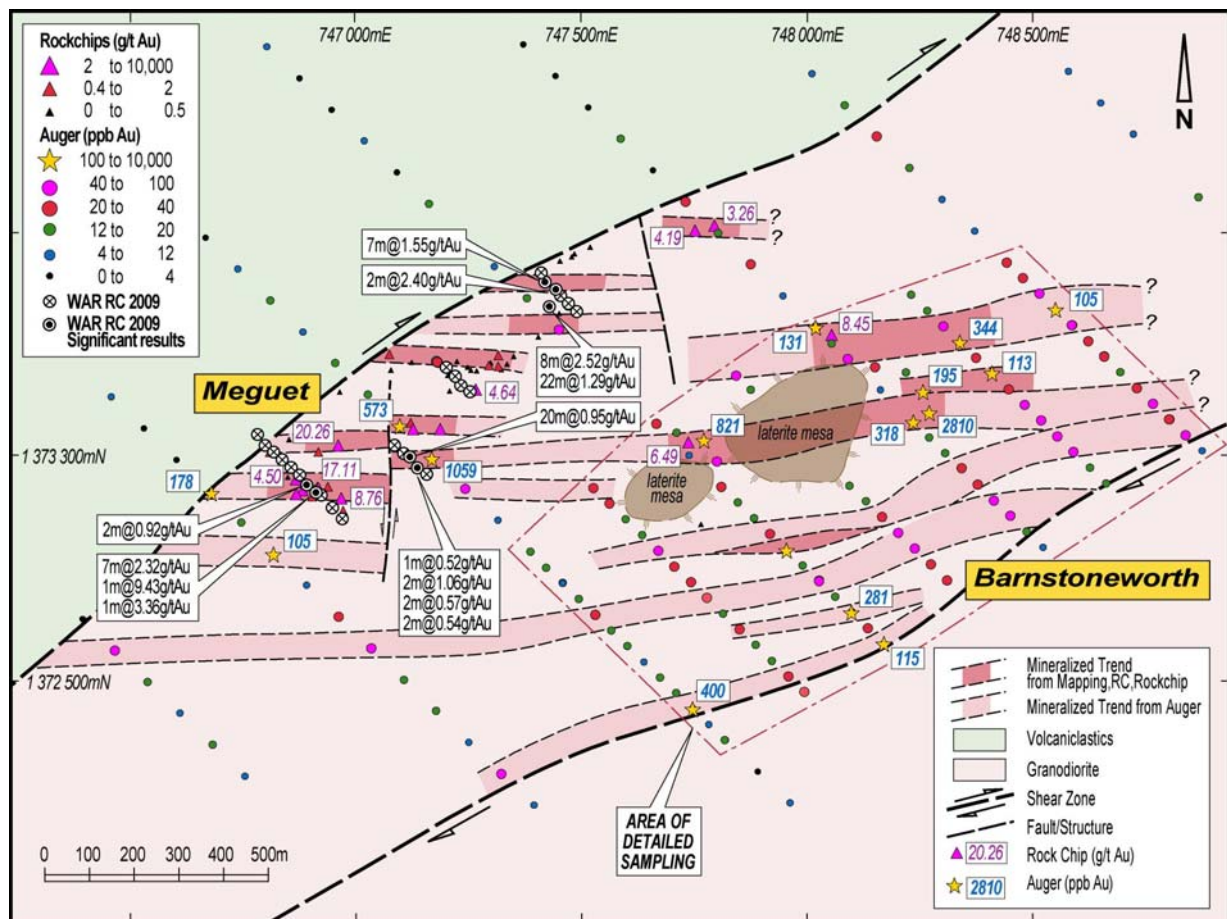


Figure 1: Meguet - Barnstoneworth Exploration Summary Plan

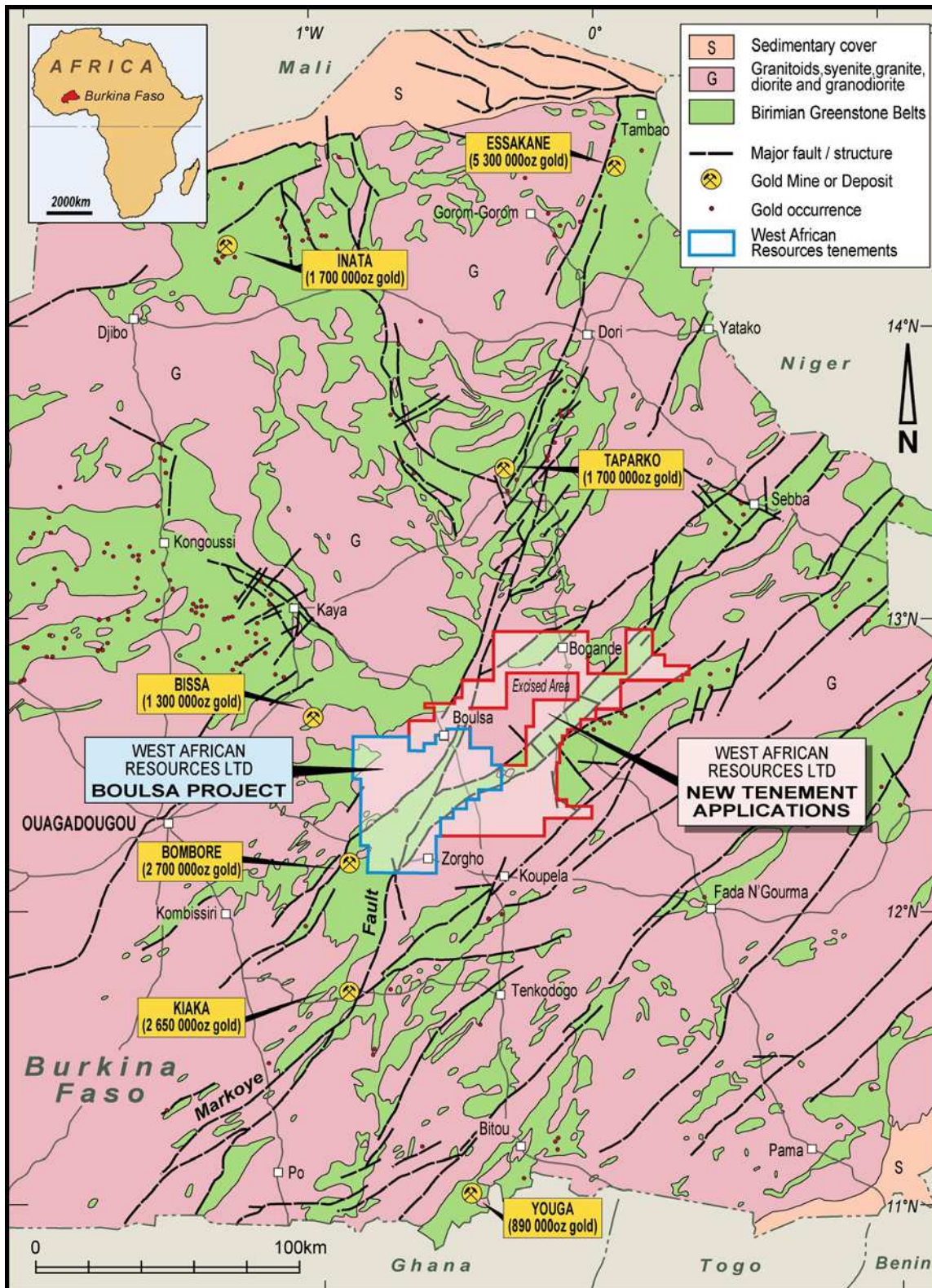


Figure2: West African Tenure and Regional Geology & Deposits

Competent Person's statement

Information in this annual report that relates to exploration results or mineral resources is based on information compiled by Mr Richard Hyde, a Director, who is a Member of The Australian Institute of Mining and Metallurgy. 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 as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Hyde consents to the inclusion in this annual report of the statements based on his information in the form and context in which they appear.

Your directors submit the annual financial report of the consolidated entity for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

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

Francis Harper LLB (Hons), BEc (*appointed 14 September 2009*) **Non- Executive Chairman**

Francis Harper is a director of Blackwood Capital Limited which manages private equity funds primarily for high net worth clients in Australia and the USA. Blackwood has also raised over \$500 million for listed mining and other companies within the last 5 years.

Prior to forming Blackwood Capital, he spent 15 years with NM Rothschild in senior positions within resources corporate finance in the UK, the USA and Australia. He is a director of a number of unlisted industrial companies and is Chairman of Manas Resources Ltd.

Mr Harper has been a director of the following listed company during the past three years.

<u>Company</u>	<u>Position</u>	<u>Appointed</u>	<u>Ceased</u>
Manas Resources Ltd	Chairman	8/4/08	-

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

Richard Hyde is a geologist with more than 13 years experience in the minerals industry including over 5 years experience operating in West Africa. Richard has worked in a number of different geological environments in Australia, Africa and Eastern Europe. Mr Hyde has managed large exploration projects and worked extensively within the industry as Regional Manager - West Africa, and as a Senior Consultant with RSG Global based in West Africa and Australia.

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

Simon Storm is a Chartered Accountant with 23 years of Australian and international experience in the accounting profession and commerce. He commenced his career with Deloitte Haskins & Sells in Africa then London before joining Price Waterhouse in Perth. He has held various senior finance and company secretarial roles with listed and unlisted entities in the banking, resources, construction, telecommunications, property development and funds management industries. In the last 8 years he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

Stephen Ross BSc (Geology), GDIPAppFin (FINSA), MAusIMM, FFin (*appointed 14 September 2009*) **Non-Executive Director**

Mr. Ross has operated for over 17 years in the minerals industry in geological consulting, business development and corporate positions. He is currently the Managing Director of Manas Resources Limited, a gold exploration company based in the Kyrgyz Republic.

Mr. Ross has been involved in the West African mineral industry for 14 years, and has held senior management and technical positions whilst based in West Africa. Mr. Ross has also held senior management positions in Central Asia.

He is a member of the Australian Institute of Mining and Metallurgy and is a Fellow of the Financial Services Institute of Australia. Mr Ross was formerly a director of ASX listed Azumah Resources Limited and Central Asia Resources Limited.

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

<u>Company</u>	<u>Position</u>	<u>Appointed</u>	<u>Ceased</u>
Manas Resources Ltd	Managing Director	3/3/08	-
Central Asia Resources Ltd	Non-Executive Director	14/5/05	18/7/08
Azumah Resources Limited	Managing Director	1/7/05	31/01/08

Mick McMullen (resigned 3 November 2009)
Non- Executive Chairman

Mick McMullen is a geologist with a BSc (Geology) from the University of Newcastle, Australia and in excess of 15 years experience in exploration, financing, development and operation of mining projects.

Dividends

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

Principal Activities

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

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

Review of operations

On 5th May 2010 West African Resources Ltd lodged a prospectus with the ASIC. The Company closed its initial public offering (IPO) on 21 May 2010 following a very strong response from Australian institutional and high net worth investors, and subsequently on 10th June 2010 gained Admission to Official Quotation on the ASX. West African issued 32.5 million shares at 20 cents each to raise \$6.5 million before costs.

Boulsa Gold Project

Exploration activities have been ongoing since July 2009 at Boulsa. During this period the Company completed large-scale exploration programmes with auger drilling, RC Drilling and mapping, covering some 25km of greenstone belt strike in the southwest portion of the project, and wide-spaced sampling across other portions of the project area.

Work to date has delineated some 25 robust targets, many coincident with artisanal mining activity at the Moktedu Trend and, Meguet Trend target areas. These targets total some 30km strike of anomalies and will be rapidly advanced during the next field season. Auger and RAB drilling will be continuous through to the 2011 wet season. A follow-up 5000m RC drilling program has been designed for the Fatmatenga and Meguet prospects, which had been scheduled to commence on 20th July, however due to recent heavy rain in the Boulsa region commencement of the drilling program has been postponed until October 2010.

As set-out in the Company's Prospectus dated 5 May 2010, a detailed airborne geophysical survey was designed to cover the Company's entire landholding at Boulsa, which incorporates magnetic, radiometric and digital elevation model (DTM) data. This program commenced on 3 June 2010 and was completed on 21 June 2010. A highly qualified structural geology consultant has been retained to complete interpretation and targeting from the data derived for the airborne geophysical survey, which is underway.

Strongly anomalous auger results were returned from its Barnstoneworth Prospect, located less than 1km east of the previously identified Meguet Prospect. In June 2010 the Company completed detailed auger sampling on a 200m by 50m grid over an area of 1.2km by 0.8km. Significant results were returned including peak results of 2,810ppb Au, 821 ppb Au, 401 ppb Au, 344 ppb Au. New auger results indicate at least four east-west trending anomalous zones that have the potential to extend into areas of RC drilling in the Meguet Prospect with strike lengths ranging between 500m and 1500m.

Two strongly anomalous zones of +100ppb Au in soil occurred in the northern portion of the Barnstoneworth prospect area. Auger drilling in these zones returned peak values of 2810ppb Au and 821ppb over 600m strike, and 344ppb Au and 131ppb Au over 500m strike. These anomalous trends have also returned rockchip results of up to 6.49g/t Au and 8.45g/t Au respectively, from artisanal workings.

Close-spaced infill auger and RAB drilling will be completed over the Meguet Prospect in October 2010, which will aim to link the mineralised zones recently defined at Barnstoneworth.

The core of the Barnstoneworth anomaly was defined by West African in 2009 within 400m by 100m spaced auger sampling, returning peak gold results of 141ppb Au, 318ppb Au and 57ppb Au over 1.5km strike (southwest to northeast). Sampling along the northwestern flank of the anomaly returned rockchip results of 6.49g/t Au and 8.45g/t Au from quartz veins exposed in artisanal workings.

Initial interpretation indicates a dominant east-west orientation of anomalous trends within the auger results, which is supported by recent mapping and re-sampling of the RC drilling completed at Meguet.

Infill auger and RAB drilling will continue through to 2011 and beyond using Company-owned and operated drill rigs, following the current wet season (August –September). Detailed auger drilling will also test 20 high priority targets defined in 2009-10 by West African, which total 30km strike of auger anomalies.

Regional Projects (Burkina Faso)

Following extensive structural studies and reconnaissance work the company lodged 14 permit applications with the Ministry of Mines in Burkina Faso. The new applications are contiguous with the Boulsa project area and support the Company's regional growth strategy. Upon granting, the applications bring the total of ground under licence in Burkina Faso to some 4,750 km².

The new project area continues along strike from the Boulsa Gold Project, incorporating a number of high priority structural targets and increases coverage of highly prospective shear zones to over 250km. The new area extends coverage over the Manga-Sebba greenstone belt and the southern extension of the Fada N'Gourma Belt. The Manga-Sebba belt hosts a number of deposits including the 2.71Moz Au Bombore (Orezone Gold Corp.) which is immediately adjacent to the southwest corner of West African Resources project area.

The new areas also extend the coverage of the Markoye Fault to the northeast which crosscuts the west portion of the projects area, and hosts a number of deposits including Taparko-Bouroum (1.7Moz Au - High River Gold Mines Ltd), Essakane (5.3Moz lamgold Corporation) and Kiaka (2.65Moz Au Moz Volta Resources Inc).

The lodgement of the applications follows a detailed structural review and reconnaissance of the area surrounding the Boulsa Gold Project using regional geophysical and remote sensing datasets.

As the Company has previously done in 2007, formal application procedures have been adhered to in Burkina Faso. Ministerial approval is required before permits are granted and work programs can commence, and this should coincide with the end of the wet season later this year. Based on past experience the Company anticipates that granting will take 3 to 6 months, however there is no guarantee that the permits will be granted or that they will be granted without undue delays.

Marandet Uranium Project (Niger)

The Marandet Uranium Project in Niger remains in application. No work was completed on the project during the year.

Project Generation

During the year West African Resources continued to review additional mineral exploration projects in West Africa.

Operating results for the year

The net loss of the Group for the financial year ended 30 June 2010 was \$1,788,758 (2009: \$37,506).

Significant changes in the state of affairs

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

Significant events after balance date

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

Likely developments and expected results

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

Remuneration report (audited)

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

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

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

This report outlines the remuneration arrangements in place for directors and executives of West African Resources Limited (the "company").

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

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

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

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

Remuneration structure

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

Non-executive director remuneration

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

The Constitution specifies that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking a review process.

The compensation of non-executive directors for the period ending 30 June 2010 is detailed below.

B. Details of remuneration for the year ended 30 June 2010

		Short term benefits	Share based payments	Total	%	%
Directors		Director & Consulting Fees* (paid/payable)	Options	Shares	Performance related	Remunerations consisting of options
Francis Harper (Appointed 14/9/09)	2010	1,795	8,576	-	10,371	83%
	2009	-	-	-	-	-
Richard Hyde	2010	137,389	11,435	56,000	204,824	6%
	2009	4,000	-	-	4,000	-
Stephen Ross (Appointed 14/9/09)	2010	1,795	8,576	-	10,371	83%
	2009	-	-	-	-	-
Simon Storm	2010	16,709	2,859	28,000	47,568	6%
	2009	3,255	-	-	3,255	-
Mick McMullen (Resigned 3/11/09)	2010	18,000	-	-	18,000	-
	2009	-	-	-	-	-
Total	2010	175,688	31,446	84,000	291,134	11%
	2009	7,255	-	-	7,255	-

* - Details of these fees is included in Note 18.

C. Service agreements

The Company has entered into a consultancy agreement with Azurite Consulting Pty Ltd, an entity associated with Richard Hyde, for the term of 3 years, for the provision of technical and corporate services. Annual fees payable to Azurite are \$220,000 plus GST, to be reviewed annually.

The Company has entered into a consultancy agreement with Dorado Corporate Services Pty Ltd, an entity associated with Simon Storm, for the provision of company secretarial and accounting services. These fees comprise a retainer of \$3,500 per month together with fees of \$150 per hour where the number of hours each month exceeds 20 by Mr Storm.

D. Share-based compensation

The following director options were granted during the financial year ended 30 June 2010.

30-Jun-10	Balance at beginning of period 1 Jul 2009	Granted as Remuneration	Net Change Other	Balance at end of period 30 Jun 2010	Vested at 30 June 2010		
					Total	Exercisable	Not Exercisable
Directors							
Francis Harper ¹		7,500,000	-	7,500,000	-	-	7,500,000
Richard Hyde	-	10,000,000	-	10,000,000	-	-	10,000,000
Stephen Ross ¹		7,500,000	-	7,500,000	-	-	7,500,000
Simon Storm	-	2,500,000	-	2,500,000	-	-	2,500,000
Mick McMullen ²	-	-	-	-	-	-	-
Total	-	27,500,000	-	27,500,000	-	-	27,500,000

¹ appointed 14 September 2009.

² resigned 3 November 2009.

Options Granted as Part of Remuneration

30-Jun-10	Terms and Conditions for each Grant							Vested	
	Granted Number	Grant Date	Value per Option at grant date Cents	Exercise price Cents	Expiry Date	First Exercise Date	Last Exercise Date	Number	%
Directors									
Francis Harper ¹	7,500,000	09-Jan-10	0.73	20	09-Jan-13	*	09-Jan-13	-	-
Richard Hyde	10,000,000	09-Jan-10	0.73	20	09-Jan-13	*	09-Jan-13	-	-
Stephen Ross ¹	7,500,000	09-Jan-10	0.73	20	09-Jan-13	*	09-Jan-13	-	-
Simon Storm	2,500,000	09-Jan-10	0.73	20	09-Jan-13	*	09-Jan-13	-	-
Mick McMullen ²	-								
Total	27,500,000							-	-

¹ appointed 14 September 2009.

² resigned 3 November 2009.

* For the purpose of these Director options, a corporate goal must be met before the options vest and may be exercised, being the shares of the company are to trade at 4 times the last issue price of shares, which at the time was 5 cents per share, and to remain at that level for the equivalent of 50 continuous ASX business days, post admission to the ASX on 10 June 2010.

The following table summarises the value of options granted, exercised or lapsed during the year to directors:

30-Jun-10	Value of Options			% Remuneration consisting of options
	Granted during the year	Exercised during the year	Lapsed during the year	
Directors				
Francis Harper ¹	8,576	-	-	83%
Richard Hyde	11,435	-	-	6%
Stephen Ross ¹	8,576	-	-	83%
Simon Storm	2,859	-	-	6%
Mick McMullen ²	-	-	-	-
Total	31,446	-	-	

¹ appointed 14 September 2009.

² resigned 3 November 2009.

30 June 2009 – no options were granted during the financial year.

Directors' Meetings

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

Director	Directors' Meetings	
	A	B
Francis Harper	4	4
Richard Hyde	5	5
Stephen Ross	4	4
Simon Storm	5	5
Mick McMullen	2	2

A - meetings attended

B - meetings held whilst a director

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, Stantons International, 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 attached to the Auditor's Independent Audit Report to the members and forms part of this Director's Report.

Non-Audit Services

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

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

During the period, the following fees were paid or payable for services provided by the auditor of the parent entity Stantons International, its related practices and non-related audit firms:

	Consolidated Group	
	2010	2009
	\$	\$
Audit of the financial reports of the Company	14,513	7,712
Other services	9,967	-
	24,480	7,712

Signed in accordance with a resolution of the directors.



Richard Hyde
Director

Perth, 29 September 2010

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2010**

Consolidated Group			
	Note	2010 \$	2009 \$
Revenue from continuing operations	2(a)	29,143	1,796
Regulatory and Compliance expense		(61,608)	(1,547)
Office expense		(36,709)	(3,690)
Depreciation expense	2(b)	(60,595)	(1,875)
Personnel expense		(1,275)	-
Travel and accommodation expense		(39,722)	(23)
Property expense		(5,184)	(7,944)
Consulting fee expense		(287,200)	(4,408)
Audit Fees		(14,513)	(7,713)
Director's Fees		(3,590)	-
Share based payments	20	(70,262)	-
Exploration related costs		(1,219,944)	(12,102)
Foreign exchange loss	2(b)	(17,299)	-
<hr/>			
Loss before income tax expense		(1,788,758)	(37,506)
Income tax expense	3	-	-
Loss after tax		(1,788,758)	(37,506)
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Other comprehensive income			
Foreign currency translation differences for foreign operations		31,777	-
Other comprehensive income, net of income tax		31,777	-
<hr/>			
Total comprehensive loss for the year attributable to the owners of West African Resources Ltd		(1,756,981)	(37,506)
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Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)	4	(2.2)	(0.3)
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Diluted loss per share is not disclosed as it is not materially different to basic loss per share			

The accompanying notes form part of the financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2010**

	Note	Consolidated Group	
		2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	6	5,663,081	98,099
Trade and other receivables	7	73,842	13,319
Financial assets	8	20,000	-
Total Current Assets		5,756,923	111,418
NON-CURRENT ASSETS			
Plant & equipment	9	532,153	6,015
Total Non-Current Assets		532,153	6,015
TOTAL ASSETS		6,289,076	117,433
CURRENT LIABILITIES			
Trade and other payables	10	621,797	136,878
Total Current Liabilities		621,797	136,878
TOTAL LIABILITIES		621,797	136,878
NET (LIABILITIES)/ ASSETS		5,667,279	(19,445)
EQUITY			
Issued capital	11	7,981,743	578,300
Reserves	12	73,581	1,542
Accumulated losses		(2,388,045)	(599,287)
TOTAL EQUITY		5,667,279	(19,445)

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2010**

		Consolidated Group	
		2010	2009
	Note	\$	\$
		Inflows/(Outflows)	
Cash Flows from Operating Activities			
Payments to suppliers and employees		(314,646)	(34,449)
Interest received		11,143	1,796
Net cash used in operating activities	6(ii)	(303,503)	(32,653)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(418,353)	-
Exploration related expenditure		(981,987)	-
Payment for security deposit		(20,000)	-
Net cash used in investing activities		(1,420,340)	-
Cash Flows from Financing Activities			
Proceeds from issue of shares		7,889,849	77,500
IPO related costs		(614,698)	-
Net cash provided by financing activities		7,275,151	77,500
Net increase in cash held		5,551,308	44,847
Cash at the beginning of the financial year		98,099	53,252
Effect of exchange rate changes on the balance of cash held in foreign currencies		13,674	-
Cash at the end of the financial year	6(i)	5,663,081	98,099

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2010**

Consolidated Group	Ordinary Shares	Retained Profits / (Accumulated Losses)	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2008	500,800	(561,781)	1,542	-	(59,439)
Shares issued during the year	77,500	-	-	-	77,500
Total comprehensive loss for the year	-	(37,506)	-	-	(37,506)
Net exchange differences on translation of the financial reports of foreign subsidiaries	-	-	-	-	-
Balance at 30 June 2009	578,300	(599,287)	1,542	-	(19,445)
Balance at 1 July 2009	578,300	(599,287)	1,542	-	(19,445)
Shares issued during the year net of transaction costs	7,403,443	-	-	-	7,403,443
Total comprehensive loss for the year	-	(1,788,758)	-	-	(1,788,758)
Net exchange differences on translation of the financial reports of foreign subsidiaries	-	-	31,777	-	31,777
Options issued	-	-	-	40,262	40,262
Balance at 30 June 2010	7,981,743	(2,388,045)	33,319	40,262	5,667,279

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The consolidated Statement of Comprehensive Income and consolidated Statement of Financial Position 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) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated.

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

Separate financial statements for West African Resources Limited, an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. However, required financial information for West African Resources Limited as an individual entity is included in Note 21.

(b) Adoption of new and revised standards

In the year ended 30 June 2010, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

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

(d) Principles of Consolidation

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

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

(e) Cash and cash equivalents

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

(f) Income Tax

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

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

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

(g) Other taxes

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

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

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

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

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

(h) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and acquisition costs are written off in the year they are incurred. Development costs are capitalised. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production.

(i) Plant and Equipment

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

Depreciation

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

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

(j) Trade and other accounts payable

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

(k) Recoverable Amount of Non Current Assets

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

(l) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

(m) 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.

(n) Employee benefits

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

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

(o) Critical accounting estimates and judgements

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

(p) Share Based Payments

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

(q) Foreign currency translation

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

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

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

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

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

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

The functional currency of the foreign subsidiary, Wura Resources Pty Ltd SARL, is the Communauté Financière Africaine Franc (CFA).

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

The exchange differences arising on the translation are taken directly to a separate component of equity.

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.

(r) Financial assets

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

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

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

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

(ii) Held-to-maturity investments

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

(iii) Loans and receivables

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

(iv) Available-for-sale investments

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

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

(s) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated

impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 2: REVENUE AND EXPENSES

	Consolidated Group	
	2010	2009
	\$	\$
(a) Revenue		
Interest received	29,143	1,796
	<u>29,143</u>	<u>1,796</u>

	Consolidated Group	
	2010	2009
	\$	\$
(b) Expenses		
Depreciation of non-current assets	60,595	1,875
Net foreign exchange losses	<u>17,299</u>	<u>-</u>

The loss from ordinary activities before income tax has been determined after:

NOTE 3: INCOME TAX

(a) Income tax recognised in profit

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

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

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

	Consolidated Group	
	2010	2009
	\$	\$
Accounting loss before tax	<u>(1,788,758)</u>	<u>(37,506)</u>
Income tax benefit at 30% (2009:30%)	536,627	11,252
Non-deductible expenses:		
Foreign exchange loss	(5,190)	-
Share based payments	(21,079)	
Other non deductible expenses	(68)	(7)
Unused tax losses and temporary differences not recognised	<u>(510,290)</u>	<u>(11,245)</u>
Income tax benefit attributable to loss from ordinary activities before tax	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 3: INCOME TAX (continued)

	Consolidated Group	
	2010	2009
	\$	\$
Unrecognised deferred tax balances		
Tax losses attributable to members of the group - revenue	2,194,711	480,569
Potential tax benefit at 30%	658,413	144,171
Deferred tax liabilities		
Taxable temporary differences:		
Accrued interest	(5,845)	
Deferred tax asset asset not booked		
Amounts recognised in profit & loss:		
-accrued expenses	23,902	-
-other	-	10,800
-share issue costs	156,660	17,381
Net unrecognised deferred tax asset at 30%	833,130	172,352

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

NOTE 4: LOSS PER SHARE

	Consolidated Group	
	2010	2009
	Cents	Cents
Basic and diluted loss per share (cents per share)	(2.2)	(0.3)
The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Loss for the year	(1,788,758)	(37,506)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	80,495,808	15,000,000

NOTE 5: SEGMENT REPORTING

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2010	2009
	\$	\$
Cash at bank and in hand	93,085	98,099
Deposits at call	5,569,996	-
	5,663,081	98,099

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

Consolidated Group
2010 **2009**

(i) Reconciliation to Cash Flow Statement

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	5,663,081	98,099
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(ii) Reconciliation of loss after income tax to net cash flows from operating activities:

	Consolidated Group	
	2010	2009
	\$	\$
Loss after income tax	(1,788,758)	(37,506)
Depreciation	60,595	1,875
Share based payments	70,262	-
Exploration related costs	1,219,944	-
Foreign exchange loss	17,299	-
	(420,658)	(35,631)
Changes in operating assets and liabilities, net of the effects of purchase of subsidiaries:		
(Increase)/decrease in trade and other receivables	(34,932)	(7,225)
(Decrease)/Increase in trade and other payables	152,087	10,203
Net cash outflow from operating activities	(303,503)	(32,653)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2010	2009
	\$	\$
Current		
Interest receivable	19,484	-
Prepayments	-	3,114
Other receivables	54,358	10,205
	<u>73,842</u>	<u>13,319</u>

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

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated Group	
	2010	2009
	\$	\$
Current		
Term deposit	20,000	-
	<u>20,000</u>	<u>-</u>

NOTE 9 : PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group			
	Office Equipment	Exploration Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Year ended 30 June 2009				
At 1 July 2008, net of accumulated depreciation	7,890	-	-	7,890
Additions	-	-	-	-
Depreciation charge for the year	(1,875)	-	-	(1,875)
At 30 June 2009, net of accumulated depreciation	<u>6,015</u>	<u>-</u>	<u>-</u>	<u>6,015</u>
Year ended 30 June 2010				
At 1 July 2009, net of accumulated depreciation	6,015	-	-	6,015
Effects of movement in foreign exchange	(1,251)	-	-	(1,251)
Additions	8,929	307,409	265,739	582,077
Depreciation charge for the year	(2,800)	(21,113)	(30,775)	(54,688)
At 30 June 2010, net of accumulated depreciation	<u>10,893</u>	<u>286,296</u>	<u>234,964</u>	<u>532,153</u>
At 30 June 2009				
Cost	9,924	-	-	9,924
Accumulated depreciation	(3,909)	-	-	(3,909)
Net carrying amount	<u>6,015</u>	<u>-</u>	<u>-</u>	<u>6,015</u>
At 30 June 2010				
Cost	17,602	307,409	265,739	590,750
Accumulated depreciation	(6,709)	(21,113)	(30,775)	(58,597)
Net carrying amount	<u>10,893</u>	<u>286,296</u>	<u>234,964</u>	<u>532,153</u>

The useful life of the assets was estimated as follows for 2010:

Office equipment, Exploration Equipment and Motor Vehicles 3 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 10: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated Group	
	2010	2009
	\$	\$
Current		
Trade payables	515,950	67,961
Accruals	79,672	42,500
Other payables	26,175	26,417
	621,797	136,878

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

NOTE 11: ISSUED CAPITAL

	Consolidated Group	
	2010	2009
	\$	\$
147,717,450 (2009: 16,550,000) fully paid ordinary shares	7,981,743	578,300

(a) Shares

	Consolidated Group	
	2010	2009
	No.	No.
(i) Ordinary shares - number		
At start of period	16,550,000	15,000,000
Issue of shares 30 June 2009	-	1,550,000
Issue of seed capital shares 29 October 2009	10,000,000	-
Share based payment 9 January 2010	1,680,000	-
	28,230,000	16,550,000
Share split 27 January 2010 (2.5 for 1)	70,575,000	-
Issue of seed capital shares 28 January 2010	37,000,000	-
Share based payment 28 January 2010	3,992,450	-
Issue of seed capital shares 23 April 2010	3,500,000	-
Shares issued in IPO 1 June 2010	32,500,000	-
Share based payment 1 June 2010	150,000	-
Balance at 30 June 2010	147,717,450	16,550,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 11: ISSUED CAPITAL (continued)

	Consolidated Group	
	2010	2009
	\$	\$
(ii) Ordinary shares – value		
At start of period	578,300	500,800
Issue of shares 30 June 2009	-	77,500
Issue of seed capital shares 29 October 2009	500,000	-
Share based payment 9 January 2010	84,000	-
Issue of seed capital shares 28 January 2010	740,000	-
Share based payment 28 January 2010	79,849	-
Issue of seed capital shares 23 April 2010	70,000	-
Shares issued in IPO 1 June 2010	6,500,000	-
Share based payment 1 June 2010	30,000	-
Share issue costs	(600,406)	-
Balance at 30 June 2010	7,981,743	578,300

(b) Options

30-Jun-10	Number of Options				
	Balance at the beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at the year end
Issue of options 9 January 2010	-	27,500,000	-	-	27,500,000
Issue of options 1 June 2010	-	2,000,000	-	-	2,000,000
Total	-	29,500,000	-	-	29,500,000

NOTE 12: RESERVES

	Consolidated Group	
	2010	2009
	\$	\$
Reserves	73,581	1,542

Reserves comprise the following:

Foreign Currency Translation Reserve

At start of period	1,542	1,542
Currency translation differences	31,777	-
Balance at 30 June 2010	33,319	1,542

Share Based Payments Reserve

At start of period	-	-
Options issued	40,262	-
Balance at 30 June 2010	40,262	-

Nature and purpose of reserves

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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.

Shared Based Payments reserve

The Shared Based Payments reserve is used to recognise the fair value of options issued to directors and employees but not exercised.

NOTE 13: FINANCIAL INSTRUMENTS

Consolidated	Weighted Average Effective Interest Rate	Fixed Interest Rate Maturing				Non-interest bearing	Total
		Floating Interest Rate	Within Year	1 to 5 Years	Over 5 Years		
30 June 2010		\$	\$	\$	\$	\$	\$
Financial Assets:							
Cash & cash equivalents	3.7%	93,085	-	-	-	5,569,996	5,663,081
Trade and other receivables		-	-	-	-	73,842	73,842
Financial Assets		-	20,000	-	-	-	20,000
Total Financial Assets		93,085	20,000	-	-	5,643,838	5,756,923
Financial Liabilities:							
Trade and other payables		-	-	-	-	621,797	621,797
Total financial liabilities		-	-	-	-	621,797	621,797

Consolidated	Weighted	Fixed Interest Rate Maturing				Non-interest	Total
		Floating	Within Year	1 to 5 Years	Over 5 Years		
30 June 2009		\$	\$	\$	\$	\$	\$
Financial Assets:							
Cash & cash equivalents	4.6%	97,899	-	-	-	200	98,099
Trade and other receivables		-	-	-	-	10,205	10,205
Total Financial Assets		97,899	-	-	-	10,405	108,304
Financial Liabilities:							
Trade and other payables		-	-	-	-	136,878	136,878
Total financial liabilities		-	-	-	-	136,878	136,878

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 14: EXPENDITURE COMMITMENTS

Expenditure commitments contracted for:	Consolidated Group	
	2010	2009
	\$	\$
Exploration Tenements		
In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements and are payable:		
- not later than 12 months	1,022,303	1,000,352
- between 12 months and 5 years	2,018,900	2,018,900
- greater than 5 years	-	-
	3,041,203	3,019,252

In July 2007, the Company's subsidiary Wura Resources Pty Ltd SARL entered into an agreement with the vendors of Temfor Sarl for Wura Resources Pty Ltd SARL to acquire the mining right interests known as Zam that forms part of the Boulsa Gold Project in Burkina Faso in West Africa. The initial purchase price to acquire the rights was the payment of US\$70,000 (approximately \$82,072).

In addition it was agreed to issue 150,000 shares in the Company at a deemed issue price of 20 cents each when the company listed. These were issued on 1 June 2010.

Further payments to Temfor are as follows:

- If Wura Resources Pty Ltd SARL elects to renew the permit to Zam for three years, \$20,000 on each anniversary date of listing during the three year period; and
- If a mineral deposit is discovered on Zam, a net smelter royalty on gold extracted from Zam of 2%. Wura Resources Pty Ltd SARL will be granted an option to acquire 50% of the net smelter royalty for the sum at a fair market price as determined by an independent expert.

Rental of premises commitments:

The Company has entered into a licensing arrangement for its office in West Perth at the rate of \$1,835 per month effective from 1 February 2010. There is no fixed term but under the head lease, the initial head lease expires on 30 September 2011, but may be extended for a further term of two years.

NOTE 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	
		2010	2009
		%	%
Parent Entity:			
West African Resources Ltd	Australia		
Subsidiaries of West African Resources Ltd:			
Wura Resources SARL Pty Ltd	Burkina Faso	100	100
Wura Uranium Resources Pty Ltd	Australia	100	100

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 15: RELATED PARTY DISCLOSURE (continued)

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Amounts owed by / (to) Related Parties				
Subsidiaries				
Wura Resources SARL Pty Ltd	-	-	2,045,979	248,750
Wura Uranium Resources Pty Ltd	-	-	(5,027)	424
Total	-	-	2,040,952	249,174
Provision for impairment	-	-	(2,046,403)	(249,174)
	-	-	(5,451)	-
Amounts payable to Directors for Directors Fees	25,468	-	25,468	-
Amounts payable to Directors for Consulting Fees	3,094	53,344	3,094	53,344
Amounts payable to related parties for reimbursement of fees and expenses incurred (refer note 18 (h))	26,175	26,417	-	-

Further information with respect to related party transactions are included in Note 18.

NOTE 16: SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the year 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 significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future periods.

NOTE 17: AUDITORS' REMUNERATION

During the period, the following fees were paid or payable for services provided by the auditor of the parent entity Stantons International, its related practices and non-related audit firms:	Consolidated Group	
	2010	2009
	\$	\$
Audit of the financial reports of the Company	14,513	7,712
Other services	9,967	-
	24,480	7,712

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Directors

Francis Harper	Chairman (non-executive)
Richard Hyde	Managing Director
Stephen Ross	Director (non-executive)
Simon Storm	Director (non-executive)

(b) Compensation of Key Management Personnel

	Consolidated Group	
	2010	2009
	\$	\$
Short-term employee benefits	175,688	7,255
Share-based payments	115,446	-
	291,134	7,255

(c) Compensation by category of Key Management Personnel for the year ended 30 June 2010

Consulting fees were paid to directors details of which are included in the Directors Report.

(d) Option holdings of Key Management Personnel (Consolidated)

30-Jun-10	Balance at beginning of period 1 Jul 2009	Granted as Remuneration	Net Change Other	Balance at end of period 30 Jun 2010	Vested at 30 June 2010		
					Total	Exercisable	Not Exercisable
Directors							
Francis Harper ¹		7,500,000	-	7,500,000	-	-	7,500,000
Richard Hyde	-	10,000,000	-	10,000,000	-	-	10,000,000
Stephen Ross ¹		7,500,000	-	7,500,000	-	-	7,500,000
Simon Storm	-	2,500,000	-	2,500,000	-	-	2,500,000
Mick McMullen ²	-	-	-	-	-	-	-
Total	-	27,500,000	-	27,500,000	-	-	27,500,000

¹ appointed 14 September 2009.

² resigned 3 November 2009.

No options were granted in 2009 or held at 30 June 2009.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES (Continued)

(e) Shares issued on Exercise of Compensation Options (Consolidated)

No shares were issued on exercise of compensation options in the year ended 30 June 2010 and 30 June 2009.

(f) Share holdings of Key Management Personnel (Consolidated)

30-Jun-10	Balance at beginning of period 1 July 2009	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2010*
Directors					
Francis Harper ¹	-	-	-	18,543,725	18,543,725
Richard Hyde	3,000,000	-	-	12,050,000	15,050,000
Stephen Ross ¹	-	-	-	1,250,000	1,250,000
Simon Storm	100,000	-	-	2,550,000	2,650,000
Mick McMullen ²	500,000	-	-	-	500,000
Total	3,600,000	-	-	34,393,725	37,993,725

* interests of directors at date of resignation

¹ appointed 14 September 2009.

² resigned 18 May 2009.

30-Jun-09	Balance at beginning of period 1 July 2009	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2010*
Richard Hyde	3,000,000	-	-	-	3,000,000
Simon Storm	100,000	-	-	-	100,000
Mick McMullen	500,000	-	-	-	500,000
Total	3,600,000	-	-	-	3,600,000

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

(g) Loans to Key Management Personnel (Consolidated)

No loans have been provided to key management personnel during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES (Continued)

(h) Other transactions and balances with Key Management Personnel

No other transactions with key management personnel have occurred during the year, other than the following. These amounts have been reflected in the remuneration report in the directors' report.

	Consolidated Group	
	2010	2009
	\$	\$
Directors		
The Director and Company Secretary, Mr Storm is a director and shareholder of Dorado Corporate Services Pty Ltd which has provided company secretarial and accounting services to the company on normal commercial terms.	16,709	3,255
The Managing Director, Mr Hyde, is a director and shareholder of Azurite Consulting Pty Ltd which has provided consultancy services to the company on normal commercial terms.	137,389	4,000
The Director, Mr Harper, is a director and shareholder of Blackwood Capital Ltd which has provided capital raising services to the company on normal commercial terms.	492,883	-
Mr Hyde is owed money for the reimbursement of expenditure and the following amounts are outstanding at year end. This amount is interest free.	26,175	26,417
	673,156	33,672

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

19. FINANCIAL RISK MANAGEMENT

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

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

The Group held the following financial instruments:

	Consolidated Group	
	2010	2009
	\$	\$
Financial assets		
Cash and cash equivalents	5,663,081	98,099
Trade and other receivables	73,842	10,205
Financial Assets	20,000	-
	5,756,923	108,304
Financial liabilities		
Trade and other payables	621,797	136,878

(a) Market risk

Cash flow and fair value interest rate risk

The Consolidated entity's main interest rate risk arises from cash deposits to be applied to exploration of areas of interest. Deposits at variable rates expose the Consolidated entity to cash flow interest rate risk. Deposits at fixed rates expose the Consolidated entity to fair value interest rate risk. During 2010 and 2009, the Consolidated entity's deposits at variable rates were denominated in Australian Dollars and CFA Francs.

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

	2010		2009	
	Weighted		Weighted	
	average		average	
	interest rate	Balance	interest rate	Balance
	%	\$	%	\$
Deposits and Cash at Bank		5,663,081		97,899
Other cash available		-		200
Net exposure to cash flow interest rate risk	3.7%	5,663,081	4.6%	98,099

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

19. FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity – Consolidated and Parent entity

During 2010 and 2009, if interest rates had been 10% higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax loss for the year. Equity would not have been impacted materially.

Foreign currency risk

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

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

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

At 30 June 2010 and 30 June 2009, the Group had the following exposure to CFA Francs foreign currency expressed in A\$ equivalents that are not designated in cash flow hedges:

	Consolidated Group	
	2010	2009
	\$	\$
Financial assets		
Cash and cash equivalents	49,074	484
Trade and other receivables	1,484	-
	50,558	484
Financial liabilities		
Trade and other payables	101,944	50,636

At 30 June 2010 and 30 June 2009, had the Australian Dollar moved by up or down by 10%, with all other variables held constant, post tax profit and equity would have not been materially affected.

(b) Credit risk

The Consolidated entity has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. In relation to other credit risk areas management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

(c) Liquidity risk

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

19. FINANCIAL RISK MANAGEMENT (Continued)

Financing arrangements

The Consolidated and parent entity have no borrowing facilities.

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

Year ended 30 June 2010	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	5,663,081	-	-	-	5,663,081
Trade & other receivables	73,842	-	-	-	73,842
Financial Assets	20,000				20,000
	5,756,923	-	-	-	5,756,923
Financial liabilities					
Trade & other payables	621,797	-	-	-	621,797
Net maturity	5,135,126	-	-	-	5,135,126
Year ended 30 June 2009					
	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	98,099	-	-	-	98,099
Trade & other receivables	10,205	-	-	-	10,205
	108,304	-	-	-	108,304
Financial liabilities					
Trade & other payables	136,878	-	-	-	136,878
Net maturity	(28,574)	-	-	-	(28,574)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 20: SHARE BASED PAYMENTS

Set out below is a summary of the options granted by the Group during the 2010 financial year. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Grant Date	Expiry date	Exercise price	Granted during the year	Vesting Period
Director options ¹				
09-Jan-10	09-Jan-13	\$0.20	10,000,000	09-Jan-13
09-Jan-10	09-Jan-13	\$0.20	7,500,000	09-Jan-13
09-Jan-10	09-Jan-13	\$0.20	7,500,000	09-Jan-13
09-Jan-10	09-Jan-13	\$0.20	2,500,000	09-Jan-13
Employee				
01-Jun-10	01-Jun-13	\$0.20	1,000,000	01-Jun-13
01-Jun-10	01-Jun-13	\$0.25	1,000,000	01-Jun-13

Grant Date	Fair value at grant date of options (cents)	Share price on grant date (cents)	Expected Volatility	Option life	Expected Dividends	Risk-free interest rate
Director options ¹						
09-Jan-10	0.73	0.05	80%	3 years	0%	4.59%
09-Jan-10	0.73	0.05	80%	3 years	0%	4.59%
09-Jan-10	0.73	0.05	80%	3 years	0%	4.59%
09-Jan-10	0.73	0.05	80%	3 years	0%	4.59%
Employee						
01-Jun-10	7.65	0.20	80%	3 years	0%	4.75%
01-Jun-10	6.89	0.20	80%	3 years	0%	4.75%

There were no share based payments during the 2009 financial year.

Expenses arising from share-based payment transactions:

Consolidated Group

2010 2009

\$ \$

Share based payments recognised in
Statement of Comprehensive Income
Share based payments to Directors
Share based payments to Third Party

70,262 -
84,000
30,000

154,262 -

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 21: PARENT ENTITY FINANCIAL INFORMATION

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

	Parent Entity	
	2010	2009
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	5,614,007	97,615
Trade and other receivables	72,358	10,205
Financial assets	20,000	-
Total Current Assets	5,706,365	107,820
NON-CURRENT ASSETS		
Plant & equipment	677	1,716
Total Non-Current Assets	677	1,716
TOTAL ASSETS	5,707,042	109,536
CURRENT LIABILITIES		
Trade and other payables	499,129	66,088
Total Current Liabilities	499,129	66,088
TOTAL LIABILITIES	499,129	66,088
NET (LIABILITIES)/ ASSETS	5,207,913	43,448
EQUITY		
Issued capital	7,981,743	578,300
Reserves	40,262	0
Accumulated losses	(2,814,092)	(534,852)
TOTAL EQUITY	5,207,913	43,448
Loss before income tax expense	(2,279,240)	(39,285)
Income tax expense	-	-
Loss after tax and total comprehensive income	(2,279,240)	(39,285)

Directors' Declaration

1. In the opinion of the directors:

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

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year then ended; and

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

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

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

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2010.

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



Richard Hyde
Director

29 September 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST AFRICAN RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of West African Resources Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of West African Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

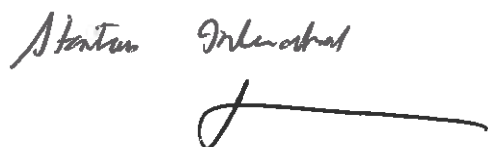
Report on the Remuneration Report

We have audited the remuneration report included in pages 7 to 9 of the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of West African Resources Limited for the year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)



John Van Dieren
Director

West Perth, Western Australia
29 September 2010

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

29 September 2010

Board of Directors
West African Resources Limited
Level 2
23 Ventnor Avenue
WEST PERTH WA 6005

Dear Directors

RE: WEST AFRICAN RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of West African Resources Limited.

As the Audit Director for the audit of the financial statements of West African Resources Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)



John Van Dieren
Director

West African Resources has in place corporate governance practices that are formally embodied in corporate governance policies and codes adopted by the Board ('the Policies'). The aim of the Policies are to ensure that the Company is effectively directed and managed, that risks are identified, monitored and assessed and that appropriate disclosures are made.

In preparing the Policies, the Directors considered the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" ('ASX Principles') which Companies are required to report against in their first financial year commencing on or after 1 January 2008.

The Directors incorporated the ASX Principles into the Policies to the extent that they were appropriate, taking into account the Company's size, the structure of the Board, its resources and its proposed activities.

The Board has adopted the following policies, statement, charters, policies and procedures:

- Board Charter
- Audit Committee Charter
- Remuneration Committee Charter
- Nomination Committee Charter
- Code of Conduct
- Trading in Company Securities
- Risk Management Policy
- Shareholder Communication Strategy
- Continuous Disclosure Policy

The Company's corporate governance policies are available on the Company's website at: www.westafricanresources.com.

The Board sets out below its 'If not, why not?' report in relation to matters of corporate governance in which the Company's practices depart from the ASX Principles.

ASX Principle 2

Recommendation 2.1 recommends that a majority of the board should be independent directors. Currently the Board consists of four Directors, only two of which are independent (i.e. Stephen Ross and Simon Storm). Richard Hyde as an executive Director and Francis Harper as a substantial shareholder in the Company are not independent Directors.

Explanation for departure: The Board believes that all the Directors can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Further, each Director is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out in the Board's charter.

Board structure and composition will be reviewed as and when the Company's strategic directions and activities change. The Company will only recommend the appointment of additional Directors to the Board where it believes the expertise and value added outweighs the additional cost.

Recommendation 2.4 recommends that a Company establish a nomination committee. The Company does not currently have a separately established nomination committee.

Explanation for departure: Given the current size of the Board, the Board considers that the objectives set out in the Nomination Committee Charter can be efficiently achieved by the full Board operating within the guidelines set out in the Board Charter.

ASX Principle 4

Recommendations 4.1 and 4.2 recommend that the Board should establish an audit committee that has at least three members, consists only of non-executive directors and a majority of independent Directors and is chaired by an independent chair who is not chair of the Board.

The Company does not conform to these recommendations.

Explanation for departure: Given that the Board comprises four Directors, it has been decided that there are no efficiencies to be gained from forming a separate audit committee. The current Board, (which does not consist only of non-executive Directors) carry out the roles that would otherwise be undertaken by a separate audit committee in accordance with the Audit Committee Charter.

ASX Principle 8

Recommendation 8.1 recommends that a Company establish a remuneration committee. The Company does not currently have a separately established remuneration committee, although a Remuneration Committee Charter has been adopted by the Board.

Explanation for Departure: Given the current size of the Board, the Board considers that the objectives set out in the Remuneration Committee Charter can be efficiently achieved by the full Board operating within the guidelines set out in the Board Charter.

In relation to the above, the Directors believe that, notwithstanding the Company's departures from the ASX Principles, the Board has implemented suitable practices and procedures with respect to corporate governance, considering the size of the Board and the size and maturity of the Company. The Board wishes to acknowledge that nothing has come to its attention that would lead it to conclude that its current practices and procedures are not appropriate for an organisation of the size and maturity of the Company.

ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 24 September 2010.

(a) Distribution of shares

The numbers of shareholders, by size of holding are:

Category (size of holding)	Number of Holders
1 - 1,000	1
1,001 - 5,000	32
5,001 - 10,000	260
10,001 - 100,000	278
100,001 - and over	90
	<u>661</u>

The number of shareholdings held in less than marketable parcels is 4.

(b) Twenty largest shareholders

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

<u>SHAREHOLDERS</u>	<u>Number of shares held</u>	<u>% Holding</u>
1 MR FRANCIS ROBERT HAWDON HARPER	18,543,725	12.55%
2 MS JEANETTE VICTORIA RICHARDSON	17,621,225	11.93%
3 ALOHA INVESTMENTS PTY LTD <ALOHA INVESTMENT A/C>	7,550,000	5.11%
4 MR RICHARD HYDE	7,500,000	5.08%
5 MR MICHAEL MORAWA	7,500,000	5.08%
6 MR MOHAMMED MUNKAILAH	7,500,000	5.08%
7 MR GRAEME JOHN HAINES + MS SHARNI GAY HAINES + MR MALCOLM A HAINES + MS JENNIFER HAINES <G&S HAINES SUPER FUND A/C>	5,000,000	3.38%
8 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,000,000	3.38%
9 MR ROBERT COMAZZETTO + MRS PATRICIA COMAZZETTO <HANNLAW A/C>	3,750,000	2.54%
10 KARALIA PTY LTD <KARALIA INVESTMENT A/C>	2,520,000	1.71%
11 MR RICHARD MARTIN HAINES + MS TUULA SINIKKA HAINES <BENARA SUPER FUND A/C>	2,500,000	1.69%
12 SOULEYMANE MIHIN	2,500,000	1.69%
13 MS SHEENA JANE STORM	2,500,000	1.69%
14 WILLSTREET PTY LTD	2,441,300	1.65%
15 CUSTODIAL SERVICES PTY LTD <CHRIS LAWRENCE A/C>	2,250,000	1.52%
16 WILLSTREET PTY LTD	2,250,000	1.52%
17 MR MALCOLM ARNOLD HAINES + MRS JENNIFER HAINES <KYMDOG SUPER FUND A/C>	2,000,000	1.35%
18 MR NICK HEWSON	2,000,000	1.35%
19 AUSTRALIAN INVESTORS PTY LTD	1,250,000	0.85%
20 MR ROBERT COMAZZETTO + MRS PATRICIA COMAZZETTO <COMAZZETTO FAMILY SUPER A/C>	1,250,000	0.85%
	<u>103,426,250</u>	<u>70.00%</u>

ADDITIONAL INFORMATION

Stock Exchange Listing – Listing has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited except for the following which are not quoted by virtue of restriction agreements.

Quoted shares on ASX	55,340,000
Unquoted shares on issue	92,377,450
Total issued share capital	<u>147,717,450</u>

(d) Substantial shareholders

The names of substantial shareholders are:

Shareholder	Number of shares
Francis Harper	18,543,725
Jeanette Richardson	17,621,225
Richard Hyde	15,050,000
Michael Morawa	7,750,000
Mohammed Munkailah	<u>7,500,000</u>

(e) Voting rights

All shares carry one vote per unit without restriction.

(f) Listing Rule 4.10.19

The Company outlined in the prospectus dated 5 May 2010 that it intended to spend funds raised under that prospectus on exploration and resource evaluation of its projects.

The Company can confirm that from admission on 10 June 2010 to 30 June 2010 it used the cash that it had at the time of admission in a way consistent with its business objectives.

ADDITIONAL INFORMATION

Summary of Tenements in Burkina Faso

Tenement Name	Registered Holder	Percentage Held	Tenement Number	Grant Date	Expiry Date	Tenement Type	Tenement Area km ²	Geographical Location
Zam	Wura Resources Sarl	100	2009-251/MCE/SG/DGMGC	23/10/2009	23/10/2012	EL	248.0	Zounweogo Province
Bawango	Wura Resources Sarl	100	2007/07-102/MCE/SG/DGMGC	10/07/2007	10/07/2010	EL	249.5	Ganzourgou, Oubritenga Provinces
Kokora	Wura Resources Sarl	100	2007/07-101/MCE/SG/DGMGC	10/07/2007	10/07/2010	EL	249.9	Ganzourgou, Kouritenga, Namentenga Provinces
Nabitenga	Wura Resources Sarl	100	2007/07-100/MCE/SG/DGMGC	10/07/2007	10/07/2010	EL	249.6	Ganzourgou, Kouritenga, Namentenga Provinces
Saguin	Wura Resources Sarl	100	2007/07-96/MCE/SG/DGMGC	10/07/2007	10/07/2010	EL	250.0	Kouritenga, Namentenga Provinces
Gorin	Wura Resources Sarl	100	2007/07-95/MCE/SG/DGMGC	10/07/2007	10/07/2010	EL	244.5	Ganzourgou Province
Goudre	Wura Resources Sarl	100	07/447/REG/OCT/SCGTMC	-	-	ELA	250.0	Zounweogo Province
Kouandre	Wura Resources Sarl	100	07/448/REG/OCT/SCGTMC	-	-	ELA	250.0	Zounweogo Province

Summary of Tenements in Niger

Tenement Name	Registered Holder	Percentage Held	Tenement Number	Grant Date	Expiry Date	Tenement Type	Tenement Area km ²	Geographical Location
Marandet	Wura Uranium Resources Pty Ltd	100%	DN/07-80 of 21/05/2007	-	-	ELA	500	Agadez
Marandet	Wura Uranium Resources Pty Ltd	100%	DF/07-65 of 21/05/2007	-	-	ELA	500	Agadez