West African Resources Limited

(ABN 70 121 539 375)

Annual Financial Report

for the year ended 30 June 2011

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

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2011 FINANCIAL YEAR HIGHLIGHTS

Highlights

During the year ended 30 June 2011, West African Resources Limited continued to focus its efforts on exploring and expanding the Boulsa Gold Project in Burkina Faso.

Highlights included;

- **Discovery of high-grade mineralisation at Moktedu Prospect including 28m at 9.22 g/t Au from surface; including 8m at 31.67 g/t Au**

- **High-grade results from Meguet Prospect including 10m at 7.67 g/t Au from surface, ended in mineralisation**

- **Strategic acquisitions completed with exploration permits acquired and exploration permit applications lodged with Burkina Faso's Ministry of Mines. This increased West African's landholding to 6,165km^2, making the Company the largest ASX-listed landholder in Burkina Faso**

- **New gold discovery at the Sartenga Prospect; massive 6.2 km x 1.4km footprint, peak result of 3m at 0.61 g/t Au in first-pass wide-spaced regional auger drilling**

- **Construction and shipping of four drilling rigs, two auger and two multipurpose (RC-diamond rigs), bringing the Company's fleet in Burkina Faso to six rigs**

- **Successful completion of a $7 million capital raising (before costs) in April 2011 to fund up to three years of aggressive exploration.**

Chairman's Address

West African Resources listed in June last year with promising gold exploration drill targets in our 100% owned Bolsa Project in Burkina Faso. Management, consisting of Richard Hyde (CEO), Nick Hewson (Exploration Manager), Souleymain Mihin (Country Manager), geologist Radu Breban and Drilling Manager Jonty Algie, have worked extraordinarily hard to produce two gold discoveries on our licences in that short time. The high grade Moktedu discovery made in March this year and the nearby Meguet prospect will be intensively drilled from October 2011 to deliver West African's initial resource statement in mid 2012.

We will also be drilling other very promising targets including the extensive geochemistry target discovered through auger drilling at Sartenga

West African's rapid exploration techniques of auger drilling followed by RAB ,and subsequently by RC and diamond drilling have produced excellent results and are expected to provide further gold discoveries in West African's extensive land-holdings.

West African explores at a fraction of the cost of other exploration companies through owning and operating our own drilling rigs. West African will be drilling up to 200,000 metres of auger, RAB, RC and diamond in 2012 at a direct drilling and assay cost of less than $3 million. In addition, cost-conscious management has ensured that West African has the lowest percentage administration costs of any comparable exploration company, meaning over 80% of cash is expended in the ground.

Equally importantly, ownership of our own large drilling and mobile fleet, managed by experienced driller Jonty Algie, ensures we encounter no delays in follow up drilling, which is key in West African management's desire to explore at a rapid rate. West African holds the largest exploration licence position in Burkina Faso among ASX listed companies and it is important to both our shareholders and to the Government of Burkina Faso that we should explore this strong ground position as efficiently and expeditiously as possible.

We are also training a strong Burkina cadre of over 50 geologists, drillers and field assistants in anticipation of significantly expanded exploration activities in 2012.

Our country manager, Souleymain Mihin, has been instrumental in assisting Richard Hyde in building our land position in Burkina, and in building a strong relationship with the Burkina Faso Ministry of Mines.

West African Resources' management team plans ahead as far as possible and I anticipate that exploration activities will intensify in 2012 and beyond as we build on management's strong and genuinely exciting first discoveries in Burkina Faso.

We look forward to reporting our first resources next year.

Francis Harper
CHAIRMAN

Managing Director's Address

It's been a busy and successful year at West African Resources as we moved ahead with exploration on our projects in Burkina Faso, West Africa.

During the past 12 months we have accelerated our exploration activities in Burkina Faso, which included the following:-

- More than 97,500m drilled, including more than 72,000m auger, 22,500m RAB and 3,000m RC;
- Construction and shipping of four drilling rigs, two auger and two multipurpose (RC-diamond rigs), to add to the two rigs acquired last field season;
- Acquisition of 12 motor vehicles to bring the fleet to a total of 20;
- Completed a $7 million capital raising (before costs) in April 2011 to fund three years of aggressive exploration;
- Successful renewal of exploration permits for a further three years;
- Strategic permit acquisitions completed with exploration permits acquired and exploration permit applications lodged with Burkina Faso's Ministry of Mines, increasing landholding to 6,125km^2. This makes us the largest ASX-listed land holder in Burkina Faso;
- High-grade mineralisation discovered at Moktedu Prospect from shallow RAB drilling – mineralisation is open along strike to the northeast, southwest and at depth. High-grade results from Moktedu include 28m at 9.22 g/t Au and 8m at 10.67 g/t Au; and
- High-grade mineralisation discovered at Meguet Prospect from shallow RAB drilling – mineralisation is open along strike to the northeast, southwest and at depth;
- High-grade results from Meguet include 10m at 7.67 g/t Au and 10m at 2.77 g/t Au, with both holes starting and ending in mineralisation.

We have planned 200,000m of drilling for the 2011-12 field season, and are targeting a maiden resource estimate for the Boulsa Gold Project in June 2012. The 2011-12 field season will be another busy year, with plenty of news from our developing gold prospects, Moktedu, Meguet and Sartenga.

Finally, I would like to thank all of our exploration and support team for their efforts over the past year, the board for its continued support and our shareholders for their loyalty.

Richard Hyde
MANAGING DIRECTOR

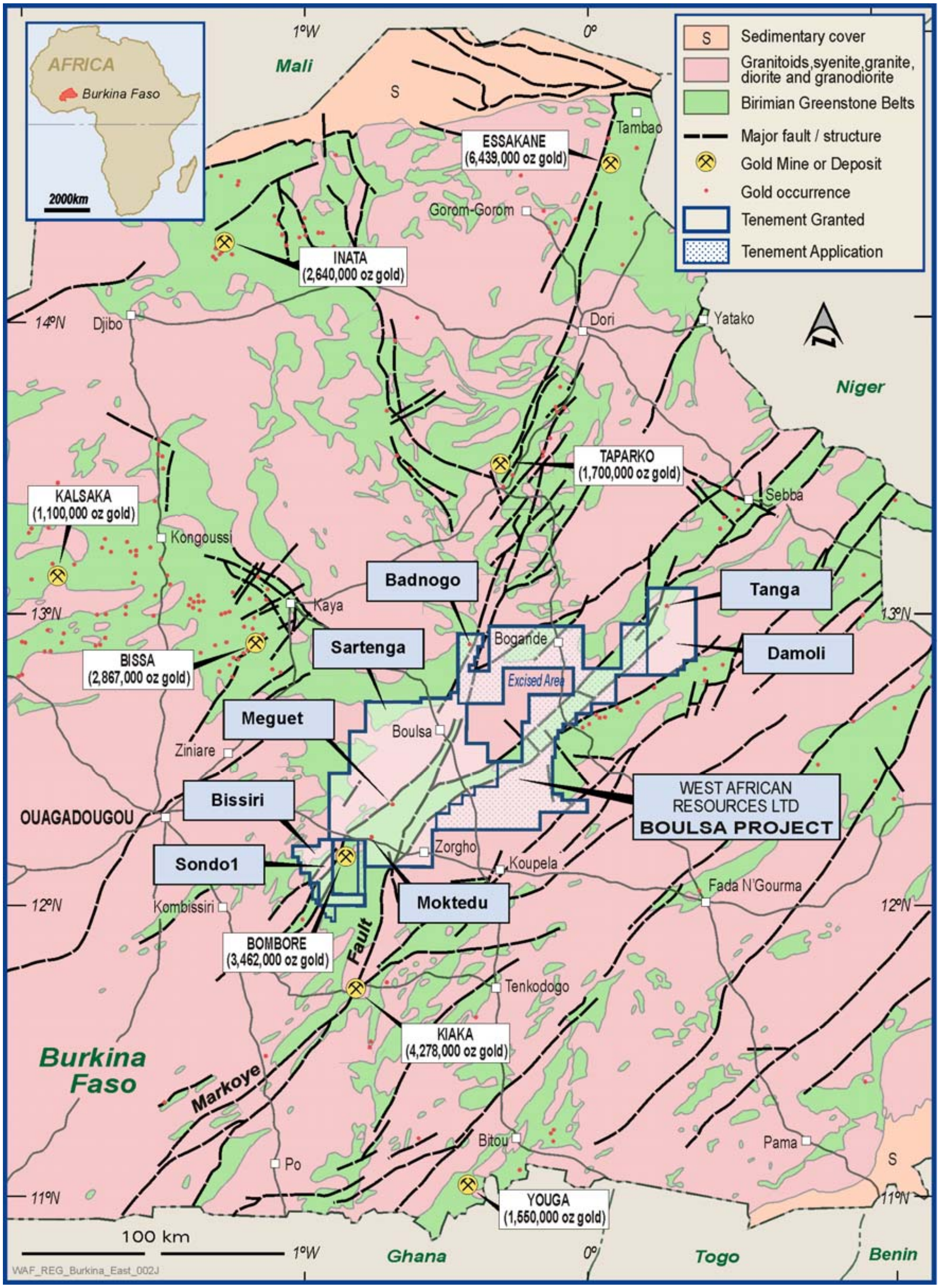
During the year ended 30 June 2011, West African Resources Limited continued to focus its efforts on its 100%-owned Boulsa Gold Project in Burkina Faso.

The Company completed more than 97,500m of auger, rotary air blast (RAB) and reverse circulation (RC) drilling, and was also successful in acquiring exploration permits and exploration permit applications to bring the total area under licence for the Company in Burkina Faso to 6,165km^2.

A comprehensive exploration and drilling season including a target of 200,000m is planned for 2011-12. To ensure we can meet this challenging target, the Company completed construction and shipping of four drilling rigs during 2010-11, including two auger and two multipurpose rigs (RC-diamond rigs), to add to the two rigs (one auger and one RAB) shipped last field season.

The Company also procured field gear, drilling consumables and hired key personnel ahead of the next field season. With an aggressive exploration program planned for 2011-12, we will provide our shareholders with regular news regarding the development of our prospects throughout the coming field season, and we are targeting an initial resource statement in June 2012.

Photo: Sondo Prospect located west of the 3.5Moz Au Bombore Deposit



Boulsa Gold Project – Location plan over regional geology

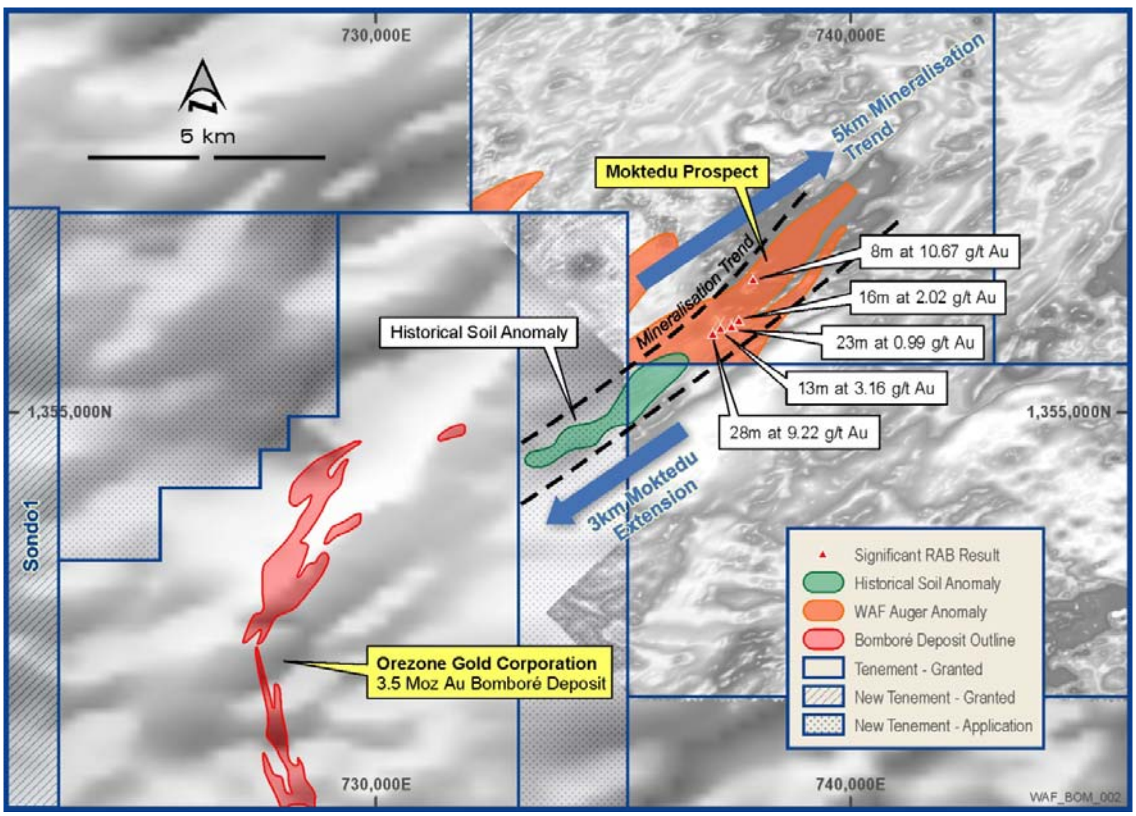
Moktedu Prospect

Most of the Company's exploration efforts since December 2010 were focused on the Moktedu Prospects. First pass infill auger sampling on a 200m by 50m grid was completed in January 2011, and further detailed 100m by 25m auger sampling commenced in April 2011.

RAB drilling was continuous at the prospect from mid-January until late June, with 553 RAB holes drilled for a total of 15,384m. This drilling resulted in the discovery of high grade mineralisation, including 28m at 9.22g/t Au from surface. Further high-grade RAB results from first pass drilling at the prospect over a strike of 3km included (* denotes ended in mineralisation):

- ✓ **MKRAB0178: 28m at 9.22 g/t Au from surface; including 8m at 31.67 g/t Au**
- ✓ **MKRAB404: 8m at 10.67 g/t Au from 12m**
- ✓ **MKRAB0069: 13m at 4.60 g/t Au from 20m*; including 5m at 11.66 g/t Au**
- ✓ **MKRAB0217: 13m at 3.16 g/t Au from 4m*; including in 4m at 9.91 g/t Au**
- ✓ **MKRAB0200: 16m at 2.02 g/t Au from 16m***
- ✓ **MKRAB0169: 23m at 0.99 g/t Au from surface***

In June, the Company announced that additional permits were acquired adjoining Orezone Gold Corporation's emergent 3.5Moz Bomboré Deposit. These also cover key ground along strike from recent high-grade RAB drilling results by West African. This increase in landholding extended the Moktedu target to 8km in strike, supported by coincident magnetic trend, WAF auger drilling and historic soil sampling (peak of 83ppb Au). The Company has planned infill RC drilling for the prospect, which is scheduled to commence in mid-October following the end of the current wet season.



Moktedu Prospect – Exploration summary plan over magnetics

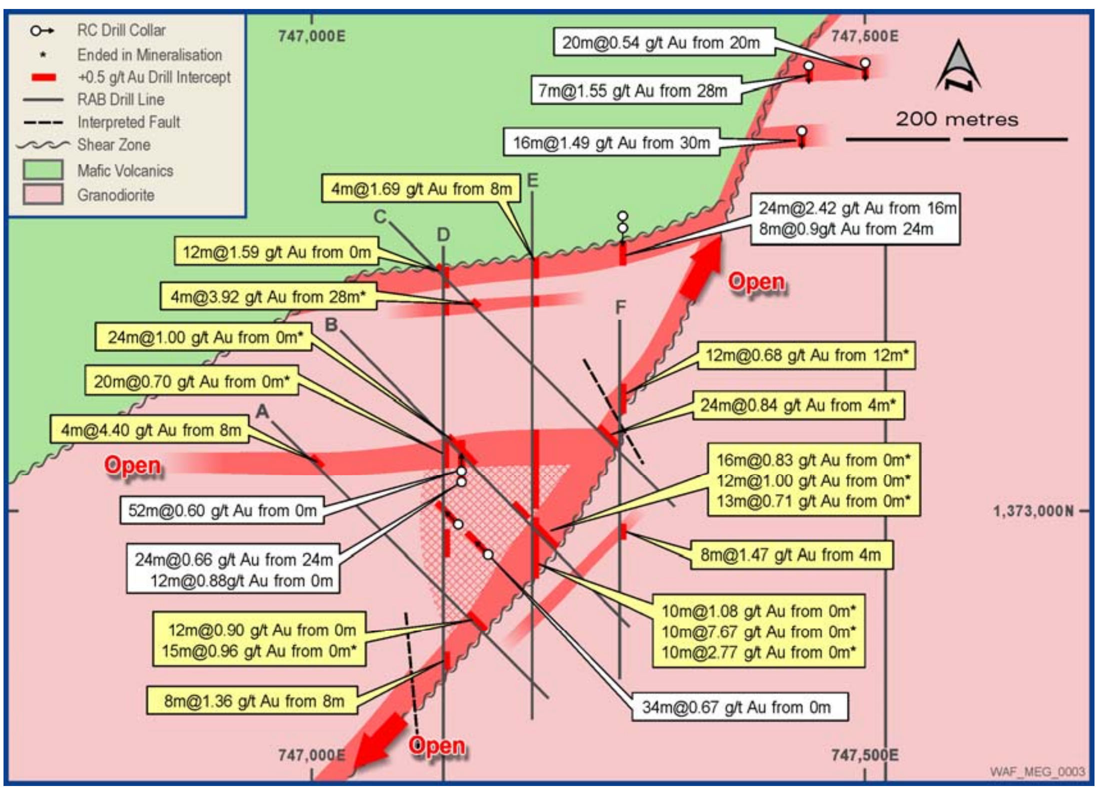
Meguet Prospect

During the past year, detailed auger drilling and RAB drilling advanced the geological understanding of the Meguet Prospect. Auger drilling was completed over much of the field season enhancing the large 4km by 2km anomaly, on tightly spaced 100m by 25m drilling which revealed northeast and east-northeast mineralised trends. For the year more than 23,000m of infill and detailed auger drilling was completed for a total of almost 5,000 holes.

RAB drilling was completed at the Meguet Prospect in November-December 2010 and from June to July 2011, with six sections drilled A to F on northwest-southeast and north-south sections. Sections were designed to test multiple vein orientations recorded from exposures in artisanal mine sites, and conflicting information regarding vein orientations from previous RC drilling. In total, 368 RAB drill holes were completed for a total of 7,106m. Holes were drilled to 'blade refusal' to an average depth of only 20m. All holes were drilled at -55° towards the southeast or south.

Significant RAB drilling results during the year included(* denotes ended in mineralisation):

- ✓ **MRAB0182 - 10m at 7.67 g/t Au from surface***
- ✓ **MRAB0183 - 10m at 2.77 g/t Au from surface***
- ✓ **MRAB0288 - 24m at 1.00 g/t Au from surface***
- ✓ **MRAB0334 - 24m at 0.84 g/t Au from 4m***
- ✓ **MRAB0317 - 12m at 1.59 g/t Au from surface**
- ✓ **MRAB0235 - 4m at 4.40 g/t Au from 8m**
- ✓ **MRAB0319 - 4m at 3.92 g/t Au from 28m***
- ✓ **MRAB0258 - 15m at 0.96 g/t Au from surface***
- ✓ **MRAB0202 - 20m at 0.70 g/t Au from surface***
- ✓ **MRAB0296 - 16m at 0.83 g/t Au from surface***
- ✓ **MRAB0297 - 12m at 1.02 g/t Au from surface***



Meguet Prospect – Exploration summary plan

All RAB sections intercepted a coherent northeast-trending, northwest-dipping zone within granodiorite, with best results including 10m at 7.67 g/t Au* and 10m at 2.77 g/t Au* on Section E, MRAB182 and 183. Adjacent to MRAB182, holes MRAB296, 297 and 298 returned a +20m true width zone returning 16m at 0.83 g/t Au*, 12m at 1.02 g/t Au* and 13m at 0.69 g/t Au*. Along strike 100m to the northeast on Section C, MRAB0334 returned 24m grading 0.84g/t Au from 4m*. Along strike to the southwest of MRAB182 (10m at 7.67 g/t Au), RAB holes MRAB253, 258 and 254 (drilled out of sequence) intercepted a +20m true width zone with 5m at 0.68 g/t Au*, 15m at 0.95 g/t Au* and 12m at 0.9 g/t Au. Mineralisation is open at depth and along strike in both directions, supported by RAB drilling and detailed auger drilling (see Figure 2).

RAB drilling sections C, D and E intercepted east-west mineralisation within north-dipping contact between mafic volcanics and granodiorite with best results including 12m at 1.59 g/t Au from surface some 200m west of 2010 RC drilling which returned 24m at 2.42 g/t Au from 16m.

RAB drilling sections A, B, D and E intercepted a central east-west mineralised zone within north-dipping quartz veining with best results including 24m at 1.00 g/t Au* and 20m at 0.70 g/t Au*, located some 150m west MRAB235 which returned 4m at 4.40 from 8m. Mineralisation is open at depth and along strike to the west supported by RAB drilling and detailed auger drilling.

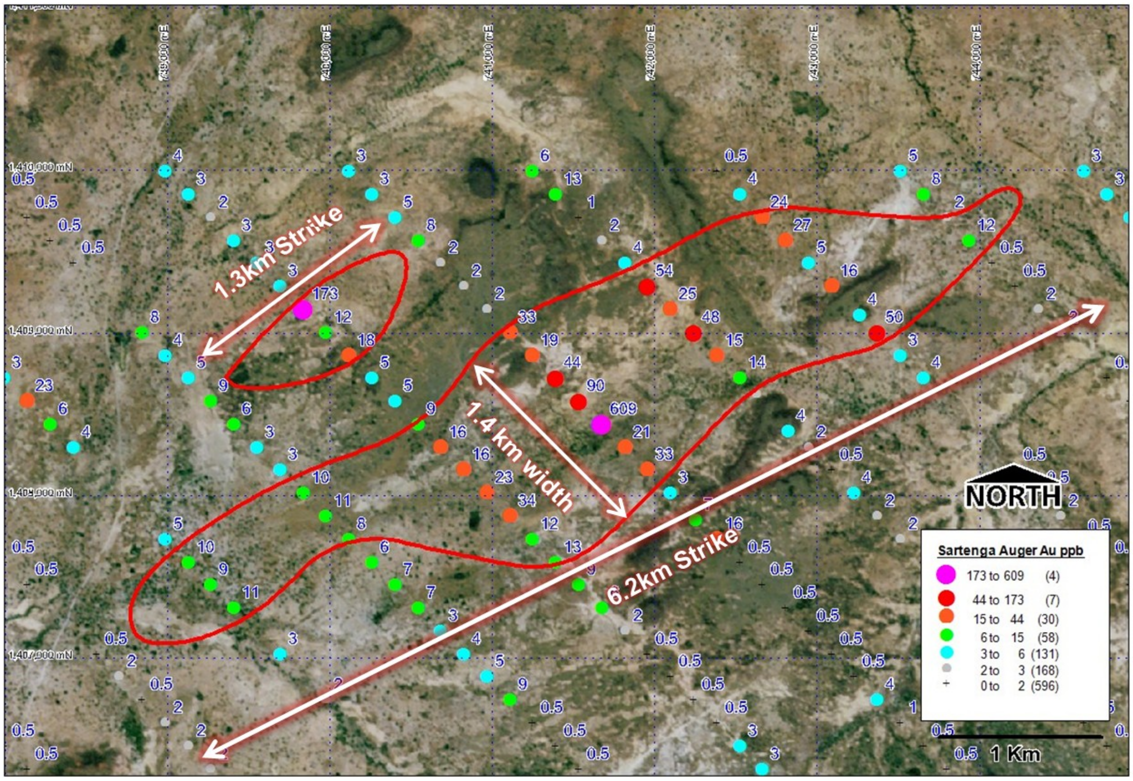
RAB drilling successfully confirmed the orientation of mineralisation, which will be targeted at depth by diamond drilling using our Company-owned drill rigs following the current wet season.

Regional Prospects

Sartenga

West African Resources acquired the Sartenga Permit in May 2011. First pass regional sampling on an 800 by 200m grid was completed in June. In July, following the end of the financial year, results were received and the Company announced a new gold discovery with an anomaly some 6.2km in strike length by up to 1.4km width at a 10ppb Au contour in the northwest region prospect area.

The anomaly is very coherent and robust, with the central portion of the anomaly up to seven samples wide (200m spacing) and across four consecutive 800m spaced lines at +20ppb Au, with a peak result of 3m at 609ppb Au (0.61 g/t Au). The central portion of the anomaly is overlain by transported material, sheetwash and colluvium, indicating that discovery through convention soil sampling would not have been possible, validating West African's systematic auger drilling exploration strategy. In total, 995 holes were drilled for 5,568m.



Sartenga Prospect – Exploration summary plan

Bissiri Prospect

West African Resources acquired the Bissiri Permit in late 2010. The Company has completed two programs of auger drilling on the prospect, including an initial 400m by 200m regional grid and infill 200m by 50m grid. Two main areas of interest have been outlined which are 4km and 2km in strike length respectively. A number of high tenor spot anomalies were also returned including 747ppb and 735ppb Au. In total 13,138m of auger drilling have been completed on the Bissiri Prospect for a total of 3,047 holes. Broad-spaced RAB drilling will be planned for the prospect in late 2011.

Tanga

West African Resources acquired the Tanga Permit in late 2010. First pass auger drilling on a 800m by 200m grid was completed in mid-May 2011. A total of 1303 holes were drilled for 6,721m. Assays returned a large +40ppb Au 2km anomaly in the north-western portion of the permit, with a peak result of 232ppb Au being returned. Infill auger drilling is planned to commence in late 2011.

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.

Statements regarding West African Resources' plans with respect to its mineral properties are forward-looking statements. There can be no assurance that West African Resources' plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that West African Resources' will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of West African Resources' mineral properties.

Your directors submit the annual financial report of the consolidated entity for the financial year ended 30 June 2011. 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
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.

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

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

Richard Hyde is a geologist with more than 14 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 24 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 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.

Company	Position	Appointed	Ceased
Manas Resources Ltd	Managing Director	3/3/08	-

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

During the year the Company accelerated its exploration activities in Burkina Faso, which included the following:-

- More than 97,500m drilled, including more than 72,000m auger, 22,500m RAB and 3,000m RC;
- Acquired four drilling rigs, two auger and two multipurpose (RC-diamond rigs), to add to the two rigs acquired last financial year.
- Acquisition of 12 motor vehicles to bring the fleet of 20.
- Completed a $7 million capital raising (before costs) in April 2011 to fund three years of aggressive exploration;
- Successful renewal of exploration permits for a further three years;
- Strategic permit acquisitions completed with exploration permits acquired and exploration permit applications lodged with Burkina Faso's Ministry of Mines, increasing landholding to 6,125km2, also making the Company the largest ASX-listed land holder in Burkina Faso.
- High-grade mineralisation discovered at Moktedu from shallow RAB drilling – mineralisation is open along strike to the northeast, southwest and at depth. High-grade results from Moktedu prospect including 28m at 9.22 g/t Au and 8m at 10.67 g/t Au.
- High-grade mineralisation discovered at Meguet from shallow RAB drilling – mineralisation is open along strike to the northeast, southwest and at depth. High-grade results from Meguet prospect including 10m at 7.67 g/t Au and 10m at 2.77 g/t Au, with both holes starting and ending in mineralisation.
- Appointment of a drilling manager and database geologist to further strengthen the in-country exploration team.
- The Company is planning for a 200,000m drilling program in the 2011-12 field season, with maiden resource estimate targeted for in June 2012.

Operating results for the year

The net loss of the Group for the financial year ended 30 June 2011 was $3,947,566 (2010: $1,788,758).

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 2011 is detailed below.

B. Details of remuneration for the year ended 30 June 2011

Directors		Short term benefits: Director & Consulting Fees* (paid/payable)	Share based payments: Options	Share based payments: Shares	Total	% Performance related	% Remunerations consisting of options
Francis Harper	**2011**	**35,000**	**87,660**	**-**	**122,660**	**-**	**71%**
	2010	1,795	8,576	-	10,371	-	83%
Richard Hyde	**2011**	**235,000**	**172,394**	**-**	**407,394**	**-**	**42%**
	2010	137,389	11,435	56,000	204,824	-	6%
Stephen Ross	**2011**	**35,000**	**66,842**	**-**	**101,842**	**-**	**66%**
	2010	1,795	8,576	-	10,371	-	83%
Simon Storm	**2011**	**49,688**	**36,159**	**-**	**85,847**	**-**	**42%**
	2010	16,709	2,859	28,000	47,568	-	6%
Total	**2011**	**354,688**	**363,054**	**-**	**717,742**	-	**51%**
	2010	157,688	31,446	84,000	273,134	-	11%

* - Details of these fees are 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 ($280,000 plus GST effective 1 July 2011), to be reviewed annually. The Company may terminate the consultancy agreement on 1 month's notice by paying 12 months of consultancy fees. Azurite may terminate the consultancy agreement due to breach or upon 3 months notice.

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 2011.

30-Jun-11	Balance at beginning of period 1 Jul 2010	Granted as Remuneration	Net Change Other	Balance at end of period 30 Jun 2011	Vested at 30 June 2011: Total	Vested at 30 June 2011: Exercisable	Vested at 30 June 2011: Not Exercisable
Directors							
Francis Harper	7,500,000	-	1,500,000	9,000,000	7,500,000	7,500,000	-
Richard Hyde	10,000,000	-	4,000,000	14,000,000	10,000,000	10,000,000	-
Stephen Ross	7,500,000	-	750,000	8,250,000	7,500,000	7,500,000	-
Simon Storm	2,500,000	-	750,000	3,250,000	2,500,000	2,500,000	-
Total	**27,500,000**	**-**	**7,000,000**	**34,500,000**	**27,500,000**	**27,500,000**	**-**

Options Granted as Part of Remuneration

30-Jun-11	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	1,500,000	30-Nov-10	0.14	35	30-Nov-13	*	30-Nov-13	-	-
Richard Hyde	4,000,000	30-Nov-10	0.14	35	30-Nov-13	*	30-Nov-13	-	-
Stephen Ross	750,000	30-Nov-10	0.14	35	30-Nov-13	*	30-Nov-13	-	-
Simon Storm	750,000	30-Nov-10	0.14	35	30-Nov-13	*	30-Nov-13	-	-
Total	**7,000,000**							-	-

* For the purpose of these Director options, the options will be exercisable on the satisfaction of the achievement of a corporate goal, that being the shares of the Company to trade at a 45% premium to the 5 day VWAP (volume weighted average price) immediately prior to the date of the meeting to approve the Options, being 57.2 cents, and to remain at that level for the equivalent of 50 continuous ASX Business Days.

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

	Granted during the year	Exercised during the year	Lapsed during the year	% Remuneration consisting of options
Directors				
Francis Harper	215,054	-	-	71%
Richard Hyde	573,477	-	-	42%
Stephen Ross	107,527	-	-	66%
Simon Storm	107,527	-	-	42%
Total	**1,003,585**	-	-	

The cost of these options being recognised as an equity based payment expense over three years from the date of grant.

End of Remuneration Report

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	4	4
Stephen Ross	4	4
Simon Storm	4	4

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.

	Consolidated	
	2011 $	2010 $
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:		
Audit of the financial reports of the Company	**32,593**	14,513
Other services	**-**	9,967
	32,593	24,480
Amounts received or due and receivable by non Stantons International audit firm	**5,254**	-

Signed in accordance with a resolution of the directors.

Richard Hyde
Director

Perth, 27 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Revenue from continuing operations	**2(a)**	**204,682**	29,143
Regulatory and compliance expense		**(98,439)**	(61,608)
Office expense		**(91,442)**	(36,709)
Depreciation expense	**2(b)**	**(261,630)**	(60,595)
Personnel expense		**(50,827)**	(1,275)
Travel and accommodation expense		**(30,586)**	(39,722)
Property expense		**(39,094)**	(5,184)
Consulting fee expense		**(121,272)**	(287,200)
Audit fees		**(37,847)**	(14,513)
Director's fees		**(70,000)**	(3,590)
Share based payments	**20**	**(503,809)**	(70,262)
Exploration related costs		**(2,628,180)**	(1,219,944)
Foreign exchange loss	**2(b)**	**(219,122)**	(17,299)
Loss before income tax expense		**(3,947,566)**	(1,788,758)
Income tax expense	**3**	**-**	-
Loss after tax		**(3,947,566)**	(1,788,758)
Other comprehensive income			
Foreign currency translation differences for foreign operations		**(27,702)**	31,777
Other comprehensive income, net of income tax		**(27,702)**	31,777
Total comprehensive loss for the year attributable to the owners of West African Resources Ltd		**(3,975,268)**	(1,756,981)
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**	**(2.6)**	(2.2)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
CURRENT ASSETS			
Cash and cash equivalents	**6**	**8,069,198**	5,663,081
Trade and other receivables	**7**	**133,698**	73,842
Financial assets	**8**	**20,221**	20,000
Total Current Assets		**8,223,117**	5,756,923
NON-CURRENT ASSETS			
Plant & equipment	**9**	**860,183**	532,153
Total Non-Current Assets		**860,183**	532,153
TOTAL ASSETS		**9,083,300**	6,289,076
CURRENT LIABILITIES			
Trade and other payables	**10**	**304,566**	621,797
Total Current Liabilities		**304,566**	621,797
TOTAL LIABILITIES		**304,566**	621,797
NET ASSETS		**8,778,734**	5,667,279
EQUITY			
Issued capital	**11**	**14,564,657**	7,981,743
Reserves	**12**	**549,688**	73,581
Accumulated losses		**(6,335,611)**	(2,388,045)
TOTAL EQUITY		**8,778,734**	5,667,279

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
		Inflows/(Outflows)	
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(457,411)**	(314,646)
Exploration related expenditure		**(2,940,693)**	(981,987)
Interest received		**145,248**	11,143
Net cash used in operating activities	**6(ii)**	**(3,252,856)**	(1,285,490)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		**(631,937)**	(418,353)
Payment for security deposit		**-**	(20,000)
Net cash used in investing activities		**(631,937)**	(438,353)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**7,029,448**	7,889,849
Share issue related costs		**(495,953)**	(614,698)
Repayment of borrowings		**(26,175)**	-
Net cash provided by financing activities		**6,507,320**	7,275,151
Net increase in cash held		**2,622,527**	5,551,308
Cash at the beginning of the financial year		**5,663,081**	98,099
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(216,410)**	13,674
Cash at the end of the financial year	**6(i)**	**8,069,198**	5,663,081

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Ordinary Shares	Retained Profits / (Accumulated Losses)	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	$	$	$	$	$
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
Loss after tax	-	(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
Balance at 1 July 2010	**7,981,743**	**(2,388,045)**	**33,319**	**40,262**	**5,667,279**
Shares issued during the year net of transaction costs	**6,582,914**	**-**	**-**	**-**	**6,582,914**
Loss after tax	**-**	**(3,947,566)**	**-**	**-**	**(3,947,566)**
Net exchange differences on translation of the financial reports of foreign subsidiaries	**-**	**-**	**(27,702)**	**-**	**(27,702)**
Options issued	**-**	**-**	**-**	**503,809**	**503,809**
Balance at 30 June 2011	**14,564,657**	**(6,335,611)**	**5,617**	**544,071**	**8,778,734**

The accompanying notes form part of these financial statements

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 2011, 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 period. 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 2011. 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.

(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

Mineral exploration and evaluation costs are expensed as incurred. Acquisition costs will normally be expensed but will be assessed on a case by case basis and if appropriate may be capitalised. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the tenement. Accumulated acquisition costs in relation to an abandoned tenement are written off in full against profit in the year in which the decision to abandon the tenement is made.

(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.

(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.

(p) Share Based Payments (continued)

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.

(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 Communaute Financiere 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

(r) Financial assets (continued)

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.

(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.

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2011 $	**2010 $**
(a) Revenue		
Interest received	**204,682**	29,143
	204,682	29,143
(b) Expenses		
Depreciation of non-current assets	**261,630**	60,595
Net foreign exchange losses	**219,122**	17,299

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	
	2011 $	**2010 $**
Accounting loss before tax	**(3,947,566)**	(1,788,758)
Income tax benefit at 30% (2010:30%)	**1,184,270**	536,627
Non-deductible expenses:		
Foreign exchange loss	**(65,737)**	(5,190)
Share based payments	**(151,143)**	(21,079)
Other non deductible expenses	**(711)**	(68)
Unused tax losses and temporary differences not recognised	**(966,679)**	(510,290)
Income tax benefit attributable to loss from ordinary activities before tax	**-**	-

NOTE 3: INCOME TAX (continued)

	Consolidated	
	2011 $	2010 $
Unrecognised deferred tax balances		
Tax losses attributable to members of the group - revenue	**5,680,789**	2,194,711
Potential tax benefit at 30%	**1,704,237**	658,413
Deferred tax liabilities		
Taxable temporary differences:		
Accrued interest	**(23,728)**	(5,845)
Deferred tax asset asset not booked		
Amounts recognised in profit & loss:		
-accrued expenses	**10,460**	23,902
-share issue costs	**218,109**	156,660
Net unrecognised deferred tax asset at 30%	**1,909,078**	833,130

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

NOTE 4: LOSS PER SHARE

	Consolidated	
	2011 Cents	2010 Cents
Basic and diluted loss per share (cents per share)	**(2.6)**	(2.2)
The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Loss for the year	**(3,947,566)**	(1,788,758)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	**151,388,860**	80,495,808

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.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2011 $	2010 $
Cash at bank and in hand	**97,684**	93,085
Deposits at call	**7,971,514**	5,569,996
	8,069,198	5,663,081

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

	Consolidated	
	2011 $	2010 $

(i) Reconcilation 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	**8,069,198**	5,663,081

(ii) Reconciliation of loss after income tax to net cash flows from operating activities:

	Consolidated	
	2011 $	2010 $
Loss after income tax	**(3,947,566)**	(1,788,758)
Depreciation	**261,630**	60,595
Share based payments	**503,809**	70,262
Foreign exchange loss	**219,122**	17,299
	(2,963,005)	(1,640,602)
Changes in operating assets and liabilities, net of the effects of purchase of subsidiaries:		
(Increase)/decrease in trade and other receivables	**(59,609)**	(31,818)
(Decrease)/Increase in trade and other payables	**(230,242)**	386,930
Net cash (outflow) from operating activities	**(3,252,856)**	(1,285,490)

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2011 $	2010 $
Current		
Interest receivable	**79,093**	19,484
Other receivables	**54,605**	54,358
	133,698	73,842

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

NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated	
	2011 $	2010 $
Current		
Term deposit	**20,221**	20,000
	20,221	20,000

NOTE 9 : PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group			
	Office Equipment $	Exploration Equipment $	Motor Vehicles $	Total $
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	10,893	286,296	234,964	532,153
Year ended 30 June 2011				
At 1 July 2010, net of accumulated depreciation	**10,893**	**286,296**	**234,964**	**532,153**
Effects of movement in foreign exchange	**(168)**	**(5,802)**	**(4,688)**	**(10,658)**
Additions	**38,316**	**271,286**	**290,716**	**600,318**
Depreciation charge for the year	**(9,251)**	**(134,580)**	**(117,799)**	**(261,630)**
At 30 June 2011, net of accumulated depreciation	**39,790**	**417,200**	**403,193**	**860,183**
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	10,893	286,296	234,964	532,153
At 30 June 2011				
Cost	**55,632**	**571,042**	**549,840**	**1,176,514**
Accumulated depreciation	**(15,842)**	**(153,842)**	**(146,647)**	**(316,331)**
Net carrying amount	**39,790**	**417,200**	**403,193**	**860,183**

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

NOTE 10: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2011 $	2010 $
Current		
Trade payables	**269,699**	515,950
Accruals	**18,500**	79,672
Other payables	**16,367**	26,175
	304,566	621,797

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

NOTE 11: ISSUED CAPITAL

	Consolidated	
	2011 $	2010 $
163,338,445 (2010: 147,717,450) fully paid ordinary shares	**14,564,657**	7,981,743

(a) Shares

	Consolidated Group	
(i) Ordinary shares - number	2011 No.	2010 No.
At start of period	**147,717,450**	16,550,000
Issue of seed capital shares 29 October 2009	**-**	10,000,000
Share based payment 9 January 2010	**-**	1,680,000
	147,717,450	28,230,000
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
Issue of shares 5 April 2011	**15,363,995**	-
Issue of shares 18 April 2011	**257,000**	-
Balance at 30 June 2011	**163,338,445**	147,717,450

NOTE 11: ISSUED CAPITAL (continued)

(ii) Ordinary shares – value	Consolidated 2011 $	Consolidated 2010 $
At start of period	**7,981,743**	578,300
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
Issue of shares 5 April 2011	**6,913,798**	-
Issue of shares 18 April 2011	**115,650**	-
Share issue costs	**(446,534)**	(600,406)
Balance at 30 June 2011	**14,564,657**	7,981,743

(b) Options

30/06/2011	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
Issue of options 30 November 2010	-	8,000,000			8,000,000
Total	29,500,000	8,000,000	-	-	37,500,000

NOTE 12: RESERVES

	Consolidated 2011 $	Consolidated 2010 $
Reserves	**549,688**	73,581

Reserves comprise the following:

Foreign Currency Translation Reserve

	2011 $	2010 $
At start of period	**33,319**	1,542
Currency translation differences	**(27,702)**	31,777
Balance at 30 June 2011	**5,617**	33,319

Share Based Payments Reserve

	2011 $	2010 $
At start of period	**40,262**	-
Options issued	**503,809**	40,262
Balance at 30 June 2011	**544,071**	40,262

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12: RESERVES (continued)

Nature and purpose of reserves

Foreign currency translation reserve

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

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	Fixed Interest Rate Maturing						
30 June 2011	Weighted Average Effective Interest Rate	Floating Interest Rate $	Within Year $	1 to 5 Years $	Over 5 Years $	Non-interest bearing $	Total $
Financial Assets:							
Cash & cash equivalents	**3.5%**	**97,684**	**-**	**-**	**-**	**7,971,514**	**8,069,198**
Trade and other receivables		**-**	**-**	**-**	**-**	**133,698**	**133,698**
Financial Assets		**-**	**20,221**	**-**	**-**	**-**	**20,221**
Total Financial Assets		**97,684**	**20,221**	**-**	**-**	**8,105,212**	**8,223,117**
Financial Liabilities:							
Trade and other payables		**-**	**-**	**-**	**-**	**304,566**	**304,566**
Total financial liabilities		**-**	**-**	**-**	**-**	**304,566**	**304,566**

Consolidated	Fixed Interest Rate Maturing						
30 June 2010	Weighted Average Effective Interest Rate	Floating Interest Rate $	Within Year $	1 to 5 Years $	Over 5 Years $	Non-interest bearing $	Total $
Financial Assets:							
Cash & cash equivalents	3.7%	93,085	-	-	-	5,569,996	5,663,081
Trade and other receivables		-	-	-	-	73,842	73,842
Trade and other receivables		-	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

NOTE 14: EXPENDITURE COMMITMENTS AND CONTINGENCIES

Expenditure commitments contracted for:	Consolidated 2011 $	2010 $
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	**858,607**	1,022,303
- between 12 months and 5 years	**2,018,900**	2,018,900
- greater than 5 years	**-**	-
	2,877,507	3,041,203

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.

Contingencies

At the date of this report, the authorities in Burkina Faso are lodging claims with various exploration companies operating in Burkina Faso for withholding taxes on payments of various non resident service providers and the regulation of the contracts of expatriate staff in accordance with taxation regulations in force. Whilst the Company believes it has complied with local regulations, some aspects of the regulations are open to interpretation. The Company has not received any formal claim and in the event of one being received, the effect, if any, that these claims will have, or which future claims will have on the consolidated entity's operations in Burkina Faso is not yet known.

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 2011 %	2010 %
Parent Entity:			
West African Resources Ltd	Australia		
Subsidiaries of West African Resources Ltd:			
Wura Resources Pty Ltd SARL	Burkina Faso	**100**	100
Wura Uranium Resources Pty Ltd	Australia	**100**	100

NOTE 15: RELATED PARTY DISCLOSURE (continued)

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.

Amounts owed by / (to) Related Parties	Consolidated 2011 $	Consolidated 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Subsidiaries				
Wura Resources Pty Ltd SARL	**-**	**-**	**5,147,989**	2,045,979
Wura Uranium Resources Pty Ltd	**-**	**-**	**21,366**	(5,027)
Total	**-**	**-**	**5,169,355**	2,040,952
Provision for impairment	**-**	**-**	**(5,169,355)**	(2,046,403)
	-	**-**	**-**	(5,451)
Amounts payable to Directors for Directors Fees	**48,767**	25,468	**48,767**	25,468
Amounts payable to Directors for Consulting Fees	**3,366**	3,094	**3,366**	3,094
Amounts payable to related parties for reimbursement of fees and expenses incurred (refer note 18 (h))	**-**	26,175	**-**	-

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

	Consolidated 2011 $	Consolidated 2010 $
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:		
Audit of the financial reports of the Company	**32,593**	14,513
Other services	**-**	9,967
	32,593	24,480
Amounts received or due and receivable by non Stantons International audit firm	**5,254**	-

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	
	2011 $	2010 $
Short-term employee benefits	**354,688**	157,688
Share-based payments	**363,054**	115,446
	717,742	273,134

(c) Compensation by category of Key Management Personnel for the year ended 30 June 2011

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-11	Balance at beginning of period 1 Jul 2010	Granted as Remuneration	Net Change Other	Balance at end of period 30 Jun 2011	Vested at 30 June 2011		
					Total	Exercisable	Not Exercisable
Directors							
Francis Harper	7,500,000	-	1,500,000	9,000,000	7,500,000	7,500,000	-
Richard Hyde	10,000,000	-	4,000,000	14,000,000	10,000,000	10,000,000	-
Stephen Ross	7,500,000	-	750,000	8,250,000	7,500,000	7,500,000	-
Simon Storm	2,500,000	-	750,000	3,250,000	2,500,000	2,500,000	-
Total	**27,500,000**	**-**	**7,000,000**	**34,500,000**	**27,500,000**	**27,500,000**	**-**

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

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 2011 and 30 June 2010.

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

30-Jun-11	Balance at beginning of period 1 July 2010	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2011
Directors					
Francis Harper	18,543,725	-	-	500,000	19,043,725
Richard Hyde	15,050,000	-	-	-	15,050,000
Stephen Ross	1,250,000	-	-	-	1,250,000
Simon Storm	2,650,000	-	-	-	2,650,000
Total	**37,493,725**	-	-	**500,000**	**37,993,725**

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

[1-] appointed 14 September 2009.

[2]- resigned 3 November 2009 - interest of director at date of resignation.

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.

NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES (Continued)

(h) Other transactions and balances with Key Management Personnel

Transactions between related parties are on normal comercial terms no more favourable than those available to other parties unless otherwise stated

	Consolidated	
	2011 $	2010 $
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 ($49,688 (2010: $16,709) included in directors' remuneration in Remuneration Report) .	**78,915**	16,709
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 (included in directors' remuneration in Remuneration Report).	**235,000**	137,389
The Director, Mr Harper, is a director and shareholder of Blackwood Capital Ltd which has provided consultancy and capital raising services to the company on normal commercial terms.($35,000 (2010: $1,795) included in directors' remuneration in Remuneration Report) .	**84,231**	492,883
The Director, Mr Ross, is a director and shareholder of Roman Resource Management Pty Ltd which has provided consulting services to the company on normal commercial terms ($35,000 (2010: $1,795) included in directors' remuneration in Remuneration Report) .	**35,000**	1,795
The Director, Mr Harper, is a director and shareholder of Hopeview Investments Pty Ltd and Boston First Capital Pty Ltd, which has provided capital raising services to the company on normal commercial terms.	**376,744**	-
Mr Hyde was owed money for the reimbursement of expenditure. This amount is interest free and repaid during the year.	**-**	26,175
	809,890	674,951

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	
	2011 $	2010 $
Financial assets		
Cash and cash equivalents	**8,069,198**	5,663,081
Trade and other receivables	**133,698**	73,842
Financial Assets	**20,221**	20,000
	8,223,117	5,756,923
Financial liabilities		
Trade and other payables	**304,566**	621,797

(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 2011 and 2010, 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:

	2011 Weighted average interest rate %	Balance $	2010 Weighted average interest rate %	Balance $
Deposits and Cash at Bank		**8,069,198**		5,663,081
Net exposure to cash flow interest rate risk	3.5%	**8,069,198**	3.7%	5,663,081

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

Sensitivity – Consolidated and Parent entity

During 2011 and 2010, 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.

19. FINANCIAL RISK MANAGEMENT (Continued)

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. During the year the parent company acquired Euros and United States Dollars as a hedge against movements in the Australian Dollar

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 2011 and 30 June 2010, the Group had the following exposure to CFA Franc, Euro and United States Dollar foreign currencies expressed in A$ equivalents that are not designated in cash flow hedges:

	Consolidated	
	2011 $	2010 $
Financial assets		
Cash and cash equivalents	**1,581,463**	49,074
Trade and other receivables	**1,447**	1,484
	1,582,910	50,558
Financial liabilities		
Trade and other payables	**78,937**	101,944

At 30 June 2011 and 30 June 2010, 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.

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 2011	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	**8,069,198**	**-**	**-**	**-**	**8,069,198**
Trade & other receivables	**133,698**	**-**	**-**	**-**	**133,698**
Financial Assets	**20,221**				**20,221**
	8,223,117	**-**	**-**	**-**	**8,223,117**
Financial liabilities					
Trade & other payables	**304,566**	**-**	**-**	**-**	**304,566**
Net maturity	**7,918,551**	**-**	**-**	**-**	**7,918,551**

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

NOTE 20: SHARE BASED PAYMENTS

Set out below is a summary of the options granted by the Group during the 2011 and 2010 financial years. 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 - 30 June 2011				
30-Nov-10	30-Nov-13	**$0.35**	4,000,000	30-Nov-13
30-Nov-10	30-Nov-13	**$0.35**	1,500,000	30-Nov-13
30-Nov-10	30-Nov-13	**$0.35**	750,000	30-Nov-13
30-Nov-10	30-Nov-13	**$0.35**	750,000	30-Nov-13
Employee - 30 June 2011				
30-Nov-10	30-Nov-13	**$0.35**	750,000	30-Nov-13
30-Nov-10	30-Nov-13	**$0.35**	250,000	30-Nov-13

NOTE 20: SHARE BASED PAYMENTS (Continued)

Grant Date	Expiry date	Exercise price	Granted during the year	Vesting Period
Director options - 30 June 2010				
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 - 30 June 2010				
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 - 30 June 2011						
30-Nov-10	0.21	0.36	85%	3 years	0%	5.13%
30-Nov-10	0.21	0.36	85%	3 years	0%	5.13%
30-Nov-10	0.21	0.36	85%	3 years	0%	5.13%
30-Nov-10	0.21	0.36	85%	3 years	0%	5.13%
Employee - 30 June 2011						
30-Nov-10	0.21	0.36	85%	3 years	0%	5.13%
30-Nov-10	0.21	0.36	85%	3 years	0%	5.13%

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 - 30 June 2010						
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 - 30 June 2010						
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%

Expenses arising from share-based payment transactions:

	Consolidated	
	2011 $	2010 $
Share based payments to Directors	**363,054**	115,446
Share based payments to employees	**140,755**	8,816
Share based payments to third party	**-**	30,000
	503,809	154,262

NOTE 21: PARENT ENTITY FINANCIAL INFORMATION

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

	Parent Entity	
	2011 $	2010 $
CURRENT ASSETS		
Cash and cash equivalents	8,031,668	5,614,007
Trade and other receivables	132,251	72,358
Financial assets	20,221	20,000
Total Current Assets	8,184,140	5,706,365
NON-CURRENT ASSETS		
Plant & equipment	2,749	677
Total Non-Current Assets	2,749	677
TOTAL ASSETS	8,186,889	5,707,042
CURRENT LIABILITIES		
Trade and other payables	225,629	499,129
Total Current Liabilities	225,629	499,129
TOTAL LIABILITIES	225,629	499,129
NET (LIABILITIES)/ ASSETS	7,961,260	5,207,913
EQUITY		
Issued capital	14,564,657	7,981,743
Reserves	544,071	40,262
Accumulated losses	(7,147,468)	(2,814,092)
TOTAL EQUITY	7,961,260	5,207,913
Loss before income tax expense	(4,333,376)	(2,279,240)
Income tax expense	-	-
Loss after tax and total comprehensive income	(4,333,376)	(2,279,240)

Guarantees, Commitments and Contingencies

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 - refer note 14.

There are no other Guarantees, Commitments or Contingencies in the Parent Entity.

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 2011 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 2011.

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

Richard Hyde
Director

27 September 2011

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Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as
Stantons International
Chartered Accountants and Consultants

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 consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, 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 2011 and of its performance for the year ended on that date; and
    (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 13 to 15 of the directors' report for the year ended 30 June 2011. 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 2011 complies with section 300A of the *Corporations Act 2001.*

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

John P Van Dieren
Director

West Perth, Western Australia
27 September 2011

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Stantons International
Chartered Accountants and Consultants

27 September 2011

Board of Directors
West African Resources Limited
Unit 14
531 Hay Street
Subiaco, WA 6008

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 Audit Director for the audit of the financial statements of West African Resources Limited for the year ended 30 June 2011, 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 faithfully
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

J P 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 26 September 2011.

(a) Distribution of shares

The numbers of shareholders, by size of holding are:

Category (size of holding)	Number of Holders
1 - 1,000	11
1,001 - 5,000	112
5,001 - 10,000	258
10,001 - 100,000	508
100,001 - and over	147
	1,036

The number of shareholdings held in less than marketable parcels is 31.

(b) Twenty largest shareholders

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

	SHAREHOLDERS	Number of shares held	% Holding
1	MR FRANCIS ROBERT HAWDON HARPER	17,812,725	10.91%
2	MS JEANETTE VICTORIA RICHARDSON	16,840,225	10.31%
3	ALOHA INVESTMENTS PTY LTD <ALOHA INVESTMENT A/C>	7,550,000	4.62%
4	MR RICHARD HYDE	7,500,000	4.59%
5	MR MICHAEL MORAWA	7,500,000	4.59%
6	MR MOHAMMED MUNKAILAH	7,500,000	4.59%
7	MR GRAEME JOHN HAINES + MRS SHARNI GAY HAINES <G & S HAINES S/F A/C>	5,000,000	3.06%
8	WILLSTREET PTY LTD	4,700,000	2.88%
9	MS PATRICIA MOORE COMAZZETTO + MR ROBERT LAWRENCE COMAZZETTO <THE HANNLAW A/C>	3,965,000	2.43%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,776,306	2.31%
11	KARALIA PTY LTD <KARALIA INVESTMENT A/C>	2,520,000	1.54%
12	MR RICHARD MARTIN HAINES + MS TUULA SINIKKA HAINES <BENARA S/F A/C>	2,500,000	1.53%
13	SOULEYMANE MIHIN	2,500,000	1.53%
14	MS SHEENA JANE STORM	2,500,000	1.53%
15	MR MALCOLM ARNOLD HAINES + MRS JENNIFER HAINES <KYMDOG SUPER FUND A/C>	2,000,000	1.22%
16	AUSTRALIAN INVESTORS PTY LTD	1,694,444	1.04%
17	PELAT PTY LTD <BARNES SUPERANNUATION A/C>	1,416,666	0.87%
18	MR ROBERT COMAZZETTO + MRS PATRICIA COMAZZETTO <THE COMAZZETTO FAMILY SF A/C>	1,250,000	0.77%
19	MAN HOLDINGS PTY LIMITED <NELSON HYBRID A/C>	1,250,000	0.77%
20	MS MICHELLE ELIZABETH PONTAGUE	1,250,000	0.77%
		101,025,366	61.86%

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	95,275,995
Unquoted shares on issue	68,062,450
Total issued share capital	163,338,445

(d) Substantial shareholders

The names of substantial shareholders are:

Shareholder	Number of shares
Francis Harper	17,812,725
Jeanette Richardson	16,840,225
Richard Hyde	15,050,000
Michael Morawa	7,750,000
Mohammed Munkailah	7,500,000

(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 2011 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	% 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	23-10-09	23-10-12	EL	248	Zounweogo Province
Bawango	Wura Resources Sarl	100	2007/07-102/MCE/SG/DGMGC	22-09-10	22-09-13	EL	250	Ganzourgou, Oubritenga Provinces
Kokora	Wura Resources Sarl	100	2007/07-101/MCE/SG/DGMGC	22-09-10	22-09-13	EL	250	Ganzourgou, Kouritenga, Namentenga Provinces
Nabitenga	Wura Resources Sarl	100	2007/07-100/MCE/SG/DGMGC	22-09-10	22-09-13	EL	250	Ganzourgou, Kouritenga, Namentenga Provinces
Saguin	Wura Resources Sarl	100	2007/07-96/MCE/SG/DGMGC	22-09-10	22-09-13	EL	250	Kouritenga, Namentenga Provinces
Gorin	Wura Resources Sarl	100	2007/07-95/MCE/SG/DGMGC	22-09-10	22-09-13	EL	245	Ganzourgou Province
Goudre	Wura Resources Sarl	100	-	-	-	ELA	250	Zounweogo Province
Kouandre	Wura Resources Sarl	100	-	-	-	ELA	250	Zounweogo Province
Toghin	Wura Resources Sarl	100	-	-	-	ELA	222	Ganzourgou , Oubritenga Provinces
Babere	WAR Exploration Sarl	100	-	-	-	ELA	242	Gnagna, Komandjari Provinces
Dyoko	WAR Exploration Sarl	100	-	-	-	ELA	250	Gnagna, Kouritenga, namentenga Provinces
Kalem-baougou	WAR Exploration Sarl	100	-	-	-	ELA	237	Gnagna, Kouritenga, namentenga Provinces
Nyonare	WAR Exploration Sarl	100	-	-	-	ELA	106	Gourma, Kouritenga Provinces
Vedaga	WAR Exploration Sarl	100	-	-	-	ELA	208	Gourma, Kouritenga Provinces
Piéla	WAR Exploration Sarl	100	-	-	-	ELA	168	Gourma, Kouritenga Provinces
Yitenga	WAR Exploration Sarl	100	-	-	-	ELA	250	Gourma, Kouritenga Provinces
Boto	WAR Development Sarl	100	-	-	-	ELA	152	Gnagna, Kouritenga Provinces
Lago	WAR Development Sarl	100	-	-	-	ELA	117	Gnagna, Kouritenga Provinces
Pissi	WAR Development Sarl	100	-	-	-	ELA	242	Gnagna, Kouritenga Provinces

ADDITIONAL INFORMATION

Tenement Name	Registered Holder	% Held	Tenement Number	Grant Date	Expiry Date	Tenement Type	Tenement Area km^2	Geographical Location
Solga	WAR Development Sarl	100	-	-	-	ELA	242	Gnagna, Kouritenga Provinces
Sondo Sud	WAR Development Sarl	100	-	-	-	ELA	21	Gnagna, Kouritenga Provinces
Zambang a	WAR Development Sarl	100	-	-	-	ELA	154	Gnagna, Kouritenga Provinces
Bissiri Sud	WAR Development Sarl	100	-	-	-	ELA	18	Ganzourgou Province
Zam Sud	WAR Development Sarl	100	-	-	-	ELA	40	Ganzourgou Province
Tanga	SEM Industrie	Earning 100%	08-012/MCE/SG/DG	17-01-08	17-01-11	EL	245	Gnagna Province
Sartenga	Pafadnam Saidou	Earning 100%	2008/08-140/MCE/SG/DGMGC	04-08-08	04-08-11	EL	193	Namentenga Province
Bissiri	Ouédraogo souleymane	Earning 100%	09-082/MCE/SG/DG	01-04-09	01-04-12	EL	100	Ganzourgou Province
Badnogo	Pafadnam Saidou	Earning 100%	2009/09-131/MCS/SG/DGMGC	13-05-09	13-05-12	EL	250	Sanmatenga Province
Sondo 1	SOMIKA	Earning 100%	2011/11-056/MCE/SG/DGMGC	03-08-09	03-08-12	EL	178	Ganzourgou Province
Kokou	Ouédraogo Bassirou	Earning 100%	2011/11-062/MCE/SG/DGMGC	27-05-11	27-05-14	EL	231	Séno Province
Damoli	Yampa Issoufi	Earning 100%	2011/11-067/MCE/SG/DGMGC	27-05-11	27-05-14	EL	230	Gnagna Province

Summary of Tenements in Niger

Tenement Name	Registered Holder	% Held	Tenement Number	Grant Date	Expiry Date	Tenement Type	Tenement Area km2	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