

31 October 2014

## ANNOUNCEMENT / MEDIA RELEASE

# September 2014 Quarterly Report

- ✓ Carbon-in-leach (CIL) potential confirmed at Mankarga 5, Burkina Faso
  - ✓ Diamond drilling beneath oxide starter pit reinforces potential for stage 2 CIL operation
- ✓ Column test work achieves recoveries of up to 90% gold, supporting plans for heap leach starter project approach
- ✓ Scoping Study and NI 43-101 Technical Report detailing a positive Preliminary Economic Assessment (PEA) completed

## Exploration

- ✓ Diamond drilling identifies a new high-grade gold zone at Mankarga 5 with results including:
  - 2m at 28.17g/t Au from 56m
  - 11m at 3.30g/t Au from 80m incl 3m at 4.27g/t Au and 1m at 16.82g/t Au from 86m
- ✓ Mankarga 5 resource definition program completed. Results included:
  - 13m at 2.39g/t Au from 4m including 4m at 6.21g/t Au ending in mineralisation
  - 15m at 5.93g/t Au from 13m including 5m at 15.8g/t Au

## September 2014 Quarter Summary:

- ✓ 3,962.8 m drilled
- ✓ \$1.07m Exploration Expenditure
- ✓ \$0.25m Administration Costs
- ✓ \$1.21m cash at bank at 30 September 2014

## December 2014 Quarter Plans:

- Mineral Resource update
- Independent Feasibility Study

West African Resources Limited (ASX, TSX-V: WAF) is pleased to report activities on its 100%-owned and 100%-earning gold and copper-gold projects in Burkina Faso, West Africa, for the quarter ending 30 September 2014.

As reported last quarter, West African announced the results of a technical and financial assessment (“Scoping Study”) of a heap leach starter project on its Mankarga 5 project, Burkina Faso, on 29 July 2014.

Highlights included:

- Pre-production capital of \$35 million plus working capital and contingency of \$9 million
- IRR of 57% with a 16-month payback on initial capital
- Free cash flow of \$103 million after capital costs
- NPV<sup>5%</sup> of \$84 million
- Estimated average annual gold production of 59,400 ounces for first three years
- Estimated average annual gold production of 44,100 ounces for life of mine
- Current study mine life of 5.4 years
- Life of mine strip ratio 1:1
- Cash costs of \$614/oz
- All-in sustaining cash costs of \$685/oz (including cash costs, royalties, refining and sustaining capital)

Material from Mankarga 5 also achieved outstanding gold recoveries in column test work, with recoveries of up to 90% gold, supporting the Company’s plans for a heap leach starter project development approach for Mankarga 5.

Diamond drilling during the quarter confirmed potential for a stage two carbon-in-leach (CIL) project at Mankarga 5, demonstrating excellent grade continuity beneath the proposed oxide starter pit that West African intends to treat by conventional heap leach processing.

West African also reported further high-grade gold results from oxide definition drilling at Mankarga 5, including step-out oxide drilling that intercepted the Mankarga 5 structure 500m northeast of the existing resource on sections NE1400 and NE1500, which remains open to the northeast.

West African will use drill results from the quarter to expand the Mankarga 5 resource in an update planned for the December quarter.

A breakdown of drilling for the September Quarter includes:

- **Diamond:** 10 holes; 1,458.8 m
- **Aircore:** 87 holes, 2,504 m

**Mankarga 5 Deposit (Tanlouka Permit)**

West African acquired the Tanlouka Permit in January 2014 following its acquisition of TSXV-listed Channel Resources Ltd.

Since the acquisition, West African fast-tracked exploration at Mankarga 5, including reverse circulation (RC) drilling, metallurgical diamond core drilling and oriented diamond core drilling targeting high-grade zones. On 14 April 2014, West African reported an updated independent resource estimate of **5.7 million tonnes grading 1.7g/t gold containing 315,000 ounces gold Indicated and 11.4 million tonnes grading 1.6g/t gold containing 568,000 ounces gold Inferred** (at a 1.0g/t cut-off) for Mankarga 5. West African plans to update this estimate in the December 2014 quarter.

The Company aims to be a +50,000oz per annum gold producer by the end of 2015 via a low-cost heap leach starter project at the Mankarga 5 deposit, subject to study outcomes. West African secured a second-hand 1.6Mtpa heap leach plant in February as part of its plan to fast-track development of Mankarga 5.

*Scoping Study*

West African announced a Scoping Study for the Mankarga 5 Gold Project on 29 July 2014. The study demonstrated Mankarga 5 as a high margin, low Capex gold project. The study assumed annual throughput of 1.6Mtpa, which is in line with the capacity of the second hand plant the Company purchased earlier in 2014 (ASX TSXV: 20/02/2014). The base case is stated assuming a 100% basis and a gold price of \$1,300/oz. All amounts are in US dollars unless otherwise stated.

<b>Economic Summary</b>			
<b>Pre-Tax</b>	<b>\$1100/oz</b>	<b>\$1300/oz</b>	<b>\$1500/oz</b>
<b>NPV<sup>0%</sup> (\$M)</b>	\$58	\$103	\$145
<b>NPV<sup>5%</sup> (\$M)</b>	\$45	\$84	\$119
<b>IRR %</b>	37%	57%	71%
<b>Payback (Months)</b>	25	16	12
<b>After-Tax</b>	<b>\$1100/oz</b>	<b>\$1300/oz</b>	<b>\$1500/oz</b>
<b>NPV<sup>0%</sup> (\$M)</b>	\$47	\$80	\$111
<b>NPV<sup>5%</sup> (\$M)</b>	\$35	\$64	\$90
<b>IRR %</b>	32%	49%	62%
<b>Payback (Months)</b>	26	18	14

A Mineral Resource estimate prepared by Ravensgate Mining Consultants in April 2014 (reported in accordance with NI 43-101 standards and JORC (2012) guidelines) was used for the Scoping Study (see table below). This was based on drilling data until March 2014. The Company has completed 20,000m of drilling since then and intends to upgrade the resource in the December 2014 quarter.

The study demonstrated positive results for starter project focussing on the oxide portion of the Mankarga 5 resource.

For full details of the Scoping Study, refer to the ASX/TSXV announcement dated 29 July 2014.

Timeline of Key Deliverables for the Mankarga 5 Project								
	2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Drilling								
Resource upgrade	✓			•				
Scoping Study Heap Leach (Stage 1)			✓					
Metallurgical Tests		✓			•			
Feasibility Study				•				
Project Finance					•			
Permitting					•			
Scoping Study CIL (Stage 2)						•		
Construction								•
Production								•

### *Preliminary Economic Analysis*

West African completed a NI 43-101 Technical Report detailing the Preliminary Economic Assessment (PEA) for Mankarga 5 during the quarter, which has been lodged on [www.sedar.com](http://www.sedar.com) and the company's website [www.westafricanresources.com](http://www.westafricanresources.com). This report is required by Canadian Securities Regulators.

### *Exploration*

West African continued oxide resource definition drilling as well as diamond drilling at Mankarga 5 during the quarter. Oxide resource definition drilling focused on infill drilling at 50m spaced lines on the north-eastern sections of the deposit, and drilling in the central and southern portion of the deposit returned grades significantly higher than represented in the previous resource model released in April 2014. Resource definition drilling was completed in August.

Step-out oxide drilling intercepted the Mankarga 5 structure 500m northeast of the existing resource on sections NE1400 and NE1500 and remains open to the northeast.

The Company reported numerous high-grade results from these programs, including:

- TAC0315: 2m at 9.05g/t Au from 50m ending in mineralisation
- TAC0348: 22m at 1.87g/t Au from 3m including 8m at 2.46g/t Au
- TAC0398: 8m at 1.77g/t Au from 16m
- TAC0413: 17m at 1.07g/t Au from 8m ending in mineralisation
- TAC0415: 13m at 2.39g/t Au from 4m including 4m at 6.21g/t Au ending in mineralisation
- TAC0463: 15m at 2.45g/t Au from 4m
- TAC0465: 15m at 5.93g/t Au from 13m including 5m at 15.8g/t Au
- TAC0466: 7m at 4.71g/t Au from surface

Drilling in the central portion of the deposit to tighten geology around known mineralised zones was also completed, with results including:

- TAC0453: 33m at 1.70 g/t Au from 1m including 6m at 3.24 g/t Au
- TAC0455: 15m at 3.33 g/t Au from 22m including 4m at 9.97 g/t Au
- TAC0456: 9m at 4.26 g/t Au from 13m including 3m at 10.98 g/t Au.

Diamond drilling at Mankarga 5 demonstrated excellent grade continuity beneath the proposed heap leach starter pit (Figures 1 and 2). The program targeted primary mineralisation and located a new high-grade gold zone in the hanging-wall of the main zone at Mankarga 5. Results included:

- TAN14-DD018: 2m at 6.38 g/t Au from 185m, and
  - o 26m at 2.89 g/t Au incl. 3m at 13.1 g/t Au from 190m
- TAN14-DD020: 29m at 1.59g/t Au including 4m at 2.98g/t Au and 3m at 4.5g/t Au from 62m
- TAN14-DD021: 2m at 28.17g/t Au from 56m
- TAN14-DD021: 11m at 3.30g/t Au from 80m including 3m at 4.27g/t Au and 1m at 16.82g/t Au from 86m
- TAN14-DD022: 72m at 2.15g/t Au from 231m including;
  - o 7m at 7.68g/t Au from 243m
  - o 5m at 3.58g/t Au from 263m
  - o 1m at 17.57g/t Au from 271m
  - o 8m at 2.69g/t Au from 278m
  - o 3m at 2.93g/t Au from 295m

These results will improve grade and category in the resource update planned for the December quarter.

West African plans to complete scoping studies regarding a stage two CIL project in early 2015.

**Figure 1: Mankarga Cross-Section SW0650**

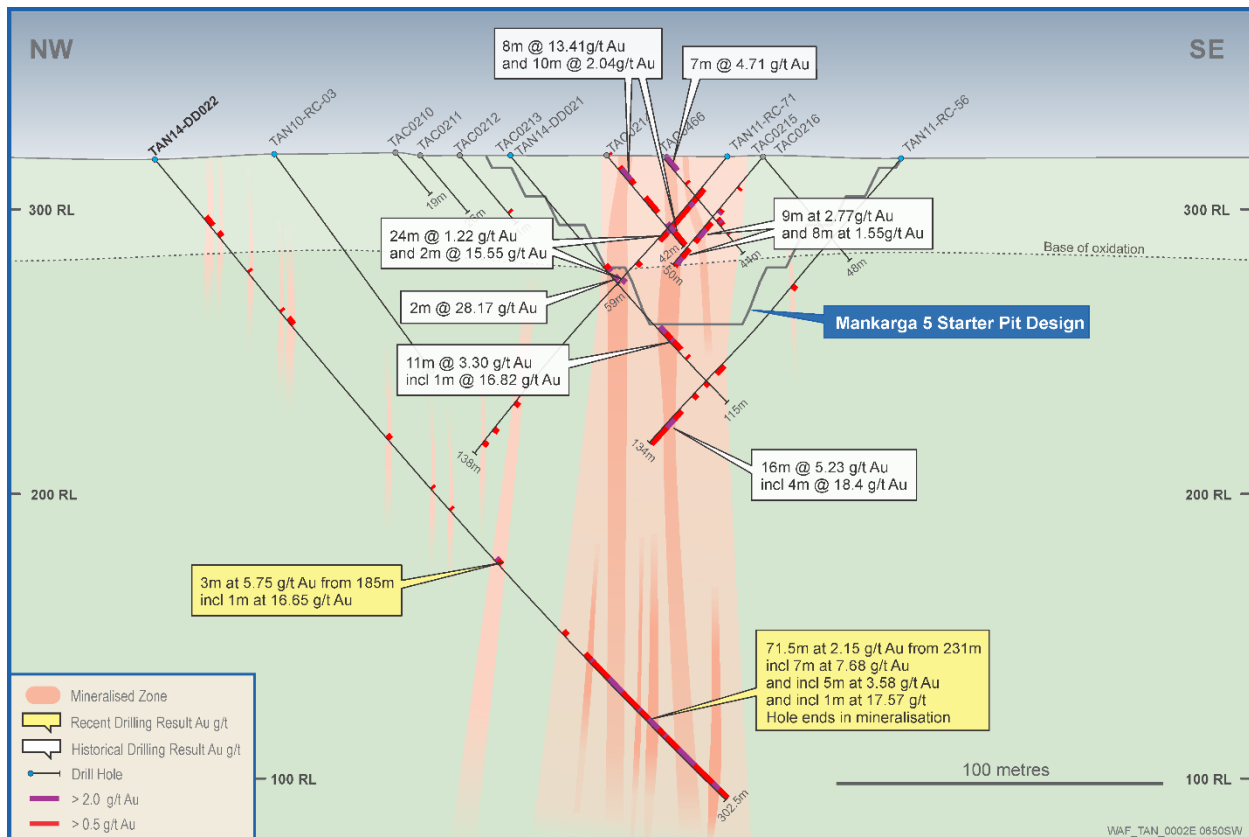
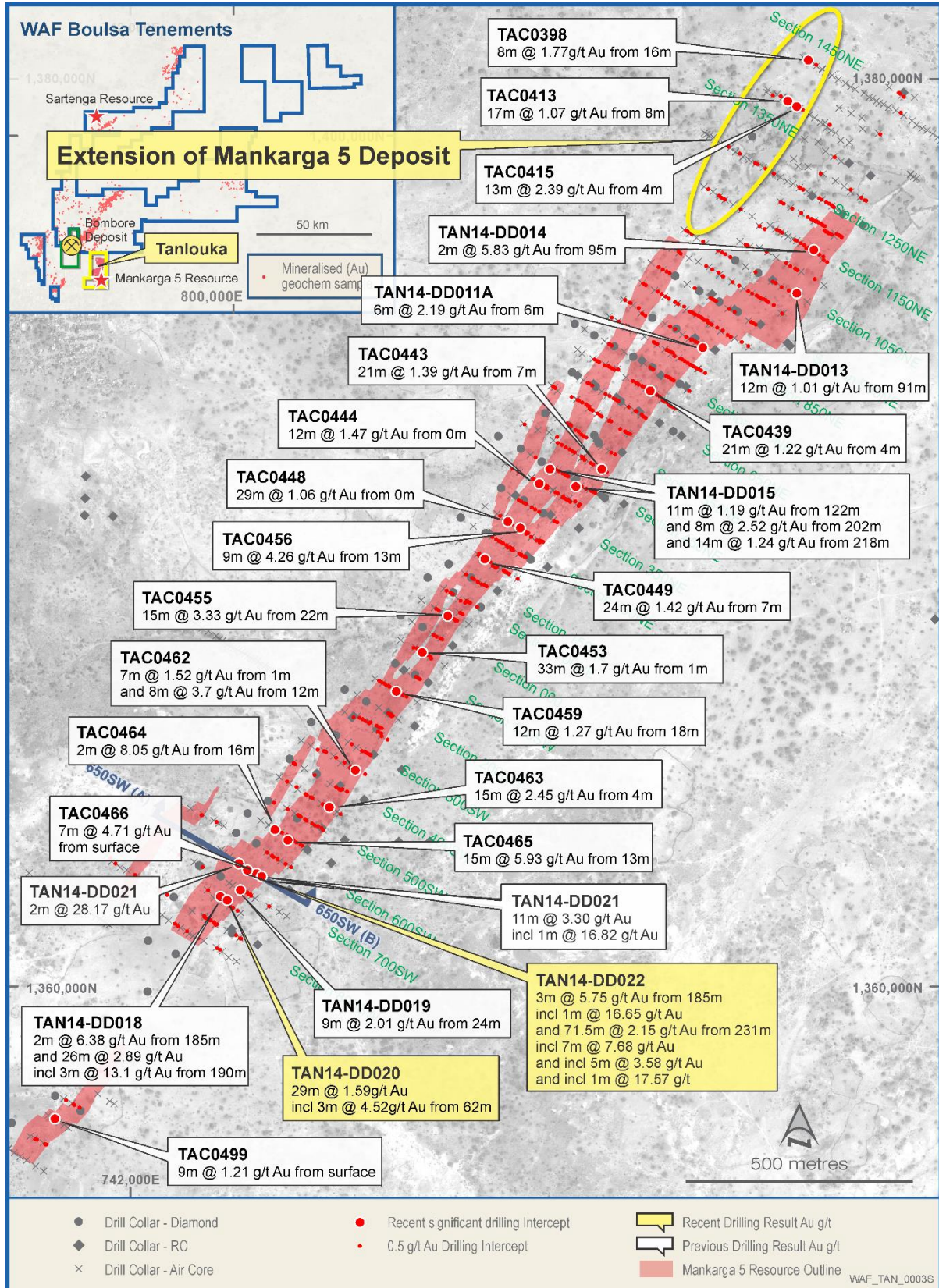




Figure 2: Mankarga Summary Plan



**Metallurgical Test Work**

Subsequent to the end of the quarter, on 14 October, West African reported metallurgical test work results from Mankarga 5 that demonstrated outstanding gold recoveries.

## Highlights:

- Gold recoveries of up to 90% and averaging 86% in column test work.
- Gold recoveries from column test work confirm heap leach suitability of oxide ore at the Mankarga 5 deposit, Boulsa Gold Project, Burkina Faso.
- Rapid leach kinetics with strongly oxidised ore gold recoveries of 75% after 7 days.
- Gold recoveries for all ore types more than 50% after 7 days.
- Low to moderate cement addition of 5kg to 10kg per tonne.
- Low cyanide consumption of 0.2 – 0.4 kg/t NaCN.
- High percolation rates with low slumping.
- Very low Abrasion and Ball Mill Work Indices indicate that the wear rates and power consumption will be low to very low by industry standards.

Three column tests were completed on oxide ore from the Mankarga 5 deposit. Test work was completed at ALS Global in Perth on oxide composites from four metallurgical drill core holes which were sited at various locations in the Mankarga 5 deposit.

One column contained strongly oxidised ore (SOX) at 100% passing 12.5 mm crush at a cement dose of 10kg/t. Two columns contained moderately oxidised ore type (MOX) at 100% passing 12.5 and 6.25mm respectively at 5kg/t cement addition. All columns behaved well, showed rapid leach kinetics, high percolation rates and low slumpage. Based on data obtained from the 14 coarse feed intermittent bottle roll, three column tests and industry experience cyanide (NaCN) consumption is expected to be in the order of 0.2 - 0.4 kg/t.

Details regarding the column tests are summarised in Table 1.

Test No	Crush Size P100 (mm)	Oxidation State	Cement Addition Kg/t	Overall % Gold Extraction	Leach Duration	Head Au (ppm)	Leach Residue Au (g/t)
JR1093	12.5	MOX	5	84.18	81	0.90	0.14
JR1094	12.5	SOX	10	85.06	41	1.05	0.16
JR1095	6.25	MOX	5	89.61	81	0.93	0.10

A series of percolation and agglomeration tests were also carried out on the SOX and MOX samples in preparation for column leach testing. Table 2 provides a summary of the results.

Sample	Crush	Cement kg/t	Slump %	Pellet Quality	pH of drainage	Percolation L/m <sup>2</sup> /h
SOX	12.5	5	9.8	Fail	9.75	1,300
SOX	12.5	7	5.3	Fair	9.48	18,750
SOX	12.5	10	0	Good	9.55	21,500
MOX	12.5	5	8.9	Good	9.55	27,000
MOX	6.25	5	7	Good	9.75	20,350

Based on this test work SOX sample requires more than 5kg/t of cement for adequate agglomeration whilst the MOX sample presented good characteristics at 5kg/t. The 10kg/t cement addition to the SOX material provided very good agglomerates and zero slump suggesting 10 kg/t is in excess of what would be required. All samples reported very high percolation rates after appropriate cement dosage.

Abrasion indices (Ai) and Ball Mill Work Indices (BWI) were determined for the MOX and fresh (FRS) samples. The MOX values can be expected to be higher than the SOX material whilst the FRS result higher than the other three ore types as the FRS composition has not been compromised by oxidation.

Both samples provided very low Abrasion and Ball Mill Work Indices. This suggests that the all ore types will be able to be processed with conventional heap leach processing using the 1.6Mtpa heap leach plant as part purchased by the Company in February this year. Test work shows that equipment wear rates and power consumption associated with processing will be low to very low by industry standards.

Further information is available at [www.westafricanresources.com](http://www.westafricanresources.com)

**For further information contact:**

Richard Hyde	Nathan Ryan
Managing Director	Investor Relations
Ph: 0413 874 740	Ph: 0420 582 887

Email: [info@westafricanresources.com](mailto:info@westafricanresources.com)



## West African Resources Limited

Summary of Tenements in Burkina Faso								
Tenement Name	Registered Holder	% Held	Tenement Number	Grant Date	Expiry Date	Tenement Type	Tenement Area km <sup>2</sup>	Geographical Location
<b>Boto</b>	West African Resources Development SARL	100%	No 2011 11-381/MCE/SG/DGMGC	1/12/11	30/11/14	EL	151.15	Gnagna, Kouritenga Provinces
<b>Damongto</b>	West African Resources Ltd SARL	100%	No 2012 12-023/MCE/SG/DGMGC	1/03/12	28/02/15	EL	36	Namentenga Province
<b>Gorin</b>	Wura Resources Pty Ltd SARL	100%	No 2014 00 48/MME/SG/DGMG	7/03/14	10/07/16	EL	183	Ganzourgou Province
<b>Goudré</b>	West African Resources Ltd SARL	100%	No 2012 12-052/MCE/SG/DGMGC	23/03/12	22/03/15	EL	250	Zounweogo Province
<b>Kogho</b>	West African Resources Ltd SARL	100%	No 2012 12-055/MCE/SG/DGMGC	23/03/12	22/03/15	EL	98.75	Namentenga Province
<b>Kouandre</b>	Hawthorn Resources SARL	-	-	-	-	ELA	250	Zounweogo Province
<b>Lago</b>	West African Resources Development SARL	100%	No 2011 11-380/MCE/SG/DGMGC	1/12/11	30/11/14	EL	117	Gnagna, Kouritenga Provinces
<b>Nagaré</b>	West African Resources Ltd SARL	100%	No 2012 12-053/MCE/SG/DGMGC	23/03/12	22/03/15	EL	219.55	Namentenga Province
<b>Pissi</b>	West African Resources Development SARL	100%	No 2011 11-384/MCE/SG/DGMGC	1/12/11	30/11/14	EL	241.4	Gnagna, Kouritenga Provinces
<b>Sartenga*</b>	West African Resources Development SARL	100%	No 2013 000218/MME/SG/DGMG	20/12/11	04/08/14*	EL	130.7	Namentenga Province
<b>Solga</b>	West African Resources Development SARL	100%	No 2011 11-382/MCE/SG/DGMGC	1/12/11	30/11/14	EL	240	Gnagna, Kouritenga Provinces
<b>Sondo Sud</b>	West African Resources Development SARL	100%	No 2011 11-383/MCE/SG/DGMGC	1/12/11	30/11/14	EL	18.3	Gnagna, Kouritenga Provinces
<b>Tanlouka**</b>	Tanlouka SARL	90%**	No 2013 000128/MME/SG/DGMG	24/06/13	27/01/16	EL	115.8	Ganzourgou Province
<b>Toghin*</b>	Wura Resources Pty Ltd SARL	100%	No 2011 11-162/MCE/SG/DGMGC	18/07/11	17/07/14	EL	222	Ganzourgou, Oubritenga Provinces
<b>Vedaga*</b>	West African Resources Exploration SARL	100%	No 2011 11-165/MCE/SG/DGMGC	18/07/11	17/07/14	EL	207.7	Gourma, Kouritenga Provinces
<b>Zam</b>	Wura Resources Pty Ltd SARL	100%	No 2012 12-205/MCE/SG/DGMGC	27/09/12	30/12/14	EL	247.7	Zounweogo Province
<b>Zam Sud</b>	West African Resources Ltd SARL	100%	No 2012 12-024/MCE/SG/DGMGC	1/03/12	28/02/15	EL	23.46	Ganzourgou Province
<b>Zambanga</b>	West African Resources Development SARL	100%	No 2011 11-379/MCE/SG/DGMGC	1/12/11	30/11/14	EL	154.2	Gnagna, Kouritenga Provinces

\*\* WAF acquired a 90% interest in the Tanlouka property through the acquisition of Channel Resources Ltd on 21 January 2014, and has signed an agreement to acquire the remaining 10% of the project from GMC SARL, a Burkina Faso registered entity.

\* The company has lodged a renewal application for this permit.

### **Competent Person's Statement**

Information in this announcement that relates to exploration results, exploration targets 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 and Australian Institute of Geoscientists. Mr Hyde has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and a Qualified Person under National Instrument 43-101. Mr Hyde consents to the inclusion in this announcement of the statements based on his information in the form and context in which they appear.

### **Cautionary Statement regarding Scoping Study**

The Company advises the Scoping Study results and production targets reflected in this announcement are preliminary in nature as conclusions are drawn partly from Indicated Mineral Resources (77%) and Inferred Mineral Resources (23%) that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized.

The Scoping Study is based on lower-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

In discussing 'reasonable prospects for eventual economic extraction' in Clause 20, the Code requires an assessment (albeit preliminary) in respect of all matters likely to influence the prospect of economic extraction including the approximate mining parameters by the Competent Person. While a Scoping Study may provide the basis for that assessment, the Code does not require a Scoping Study to have been completed to report a Mineral Resource.

Scoping Studies are commonly the first economic evaluation of a project undertaken and may be based on a combination of directly gathered project data together with assumptions borrowed from similar deposits or operations to the case envisaged. They are also commonly used internally by companies for comparative and planning purposes. Reporting the general results of a Scoping Study needs to be undertaken with care to ensure there is no implication that Ore Reserves have been established or that economic development is assured. In this regard it may be appropriate to indicate the Mineral Resource inputs to the Scoping Study and the processes applied, but it is not appropriate to report the diluted tonnes and grade as if they were Ore Reserves.

While initial mining and processing cases may have been developed during a Scoping Study, it must not be used to allow an Ore Reserve to be developed.

Additional details will be provided in NI 43-101 technical report to be filed on SEDAR.

### **Forward Looking Information**

This news release contains "forward-looking information" within the meaning of applicable Canadian and Australian securities legislation, including information relating to West African's future financial or operating performance may be deemed "forward looking". All statements in this news release, other than statements of historical fact, that address events or developments that West African expects to occur, are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond West African's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. In the case of West African, these facts include their anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralization that will be encountered if a mineral property is developed.

Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation: exploration hazards and risks; risks related to exploration and development of natural resource properties; uncertainty in West African's ability to obtain funding; gold price fluctuations; recent market events and conditions; risks related to the uncertainty of mineral resource calculations and the inclusion of inferred mineral resources in economic estimation; risks related to governmental regulations; risks related to obtaining necessary licenses and permits; risks related to

their business being subject to environmental laws and regulations; risks related to their mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title; risks relating to competition from larger companies with greater financial and technical resources; risks relating to the inability to meet financial obligations under agreements to which they are a party; ability to recruit and retain qualified personnel; and risks related to their directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interests. This list is not exhaustive of the factors that may affect West African's forward-looking information. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information.

West African's forward-looking information is based on the reasonable beliefs, expectations and opinions of their respective management on the date the statements are made and West African does not assume any obligation to update forward looking information if circumstances or management's beliefs, expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking information. For a complete discussion with respect to West African, please refer to West African's financial statements and related MD&A, all of which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.