



## **West African Resources executes US\$5 million loan facility**

West African Resources (ASX, TSXV: WAF) is pleased to announce it has executed final documentation with the Metals & Energy Capital Division of Macquarie Bank Limited (Macquarie) for a two-year US\$5 million convertible loan facility (Facility).

The executed documentation follows West African's announcement on 29th October 2014, that it had signed a committed term sheet for the US\$5 million facility subject to Macquarie finalising its due diligence and documentation process. Drawdown will take place in the coming days.

The US\$5 million facility will provide all necessary funding to complete the Feasibility Study for the Company's Mankarga 5 Heap Leach Gold Project in Burkina Faso. A scoping study, released in July this year, demonstrated Mankarga 5 to be a low capital cost, high margin, heap leach starter project.

West African Managing Director Richard Hyde said: "Securing the US\$5 million facility is another step towards our goal of becoming a +50,000oz per annum gold producer by the end of 2015 via a low-cost heap leach starter project.

"There will be a lot news flow from the beginning of 2015, starting with an upgraded Mineral Resource Estimate and Independent Feasibility Study.

"We value Macquarie's belief in our project and management team and look forward to working with them closely as we bring Mankarga 5 into production."

The key terms of the Convertible Loan Agreement are as follows:

- Committed loan facility for up to US\$5 million, to be drawn down as a single loan.
- Cash interest is payable on the facility.
- Bullet repayment on the earlier of 30 September 2016 and the date on which WAF receives proceeds from a project financing or capital raising.
- Drawdown of the Facility is subject to a number of conditions, including the issue of 40,545,224 unlisted options (Options), exercisable at A\$0.14 on or before 30 September 2017 to Macquarie. Any funds received by WAF through the conversion of the Options will be applied against the outstanding Facility amount, reducing the outstanding debt owed to Macquarie.
- The Facility is secured against all assets of WAF and its wholly-owned subsidiary, Channel Resources Limited.

The Convertible Loan Agreement contains other customary features, including customary representations and warranties, undertakings and events of default for facilities of this nature.

West African will be releasing an upgraded Mineral Resource Estimate and Independent Feasibility Study early in 2015. The Company anticipates completion of project finance arrangements for the construction and development of Mankarga 5 in the first quarter of 2015, which is a little over 12 months since completing acquisition of the project.

The Company is focussed on near-term production with its immediate attention on the Mankarga 5 deposit and existing nearby gold prospects. 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. The proposed project development schedule for Mankarga 5 and surrounding prospects is shown below.

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

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**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 are provided in NI 43-101 technical report filed on SEDAR and the Company's website [www.westafricanresources.com](http://www.westafricanresources.com).

### **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).

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