

MARCH 2021 QUARTERLY REPORT

Key points

- 2021 Production guidance maintained during Q1 with sound management of COVID-19
- No significant social, health or safety incidents, over 6 million hours worked LTI free
- Gold production increased by 11% to 55,823 ounces at an all-in sustaining cost of US\$957/oz
- Unhedged gold sales of 56,780 ounces, at an average price of US\$1,800/ounce
- A\$94m cash on hand, A\$39m cash generated from operating activities and A\$31.4m in unsold bullion
- First scheduled debt payment of US\$13m to Taurus
- Additional US\$25m debt repayment (post quarter end) reducing Taurus loan balance to US\$137m
- Notional net debt decreased by US\$25 million to US\$76 million
- Updated Resources, Reserves, 2021 production guidance and 10-year production outlook:
 - Mineral Resources at 31 December 2020 of 81 Mt at 2.0 g/t for 5.1 Moz gold
 - Ore Reserves at 31 December 2020 of 20 Mt at 2.3 g/t for 1.5 Moz gold
 - 2021 production guidance of 250,000 to 280,000 ounces gold at an AISC of US\$720 - US\$800/oz
 - 10-year production outlook of 216,000 ounces average per annum 2021 to 2030
- Next quarter objectives:
 - Continue to increase gold production and reduce per-ounce costs
 - Finish the drilling campaign for Toega feasibility study

West African Executive Chairman and CEO Richard Hyde commented:

“The Sanbrado mine completed another quarter with ounces up and costs down, producing 56,000oz of gold at AISC of US\$957/oz. WAF generated A\$39m of operating cash flow and held some A\$31.4m in unsold bullion at the end of the quarter.

During the quarter the Company also increased resources to over 5 million ounces and delivered a 10-year plan to produce over 200,000 of gold per annum from 2021 to 2030.”

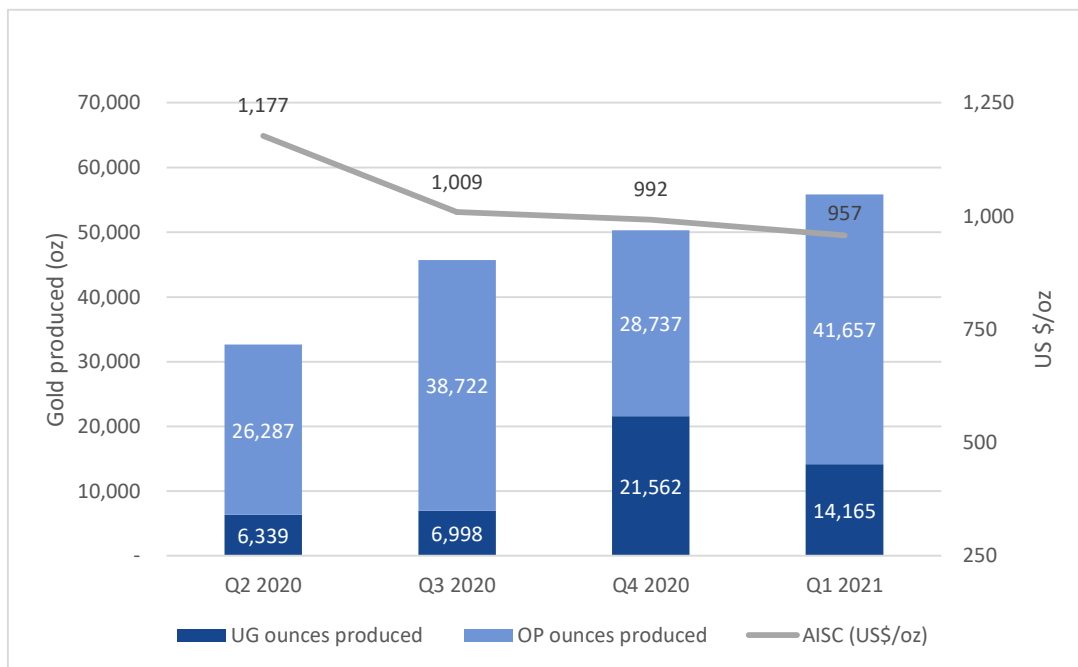
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Overview

Unhedged gold mining company West African Resources Limited (ASX: WAF) is pleased to present its activity report for the quarter ended 31 March 2021 (Q1). Production is from the Company's 90% owned Sanbrado Gold Operations (Sanbrado), Burkina Faso.

Sanbrado's ramp-up progressed in Q1 with gold produced up 11% to 55,823 ounces. The all-in sustaining cost (AISC) per ounce decreased from US\$992 to US\$957 while the gold sales price averaged US\$1,800/oz.

The quarter compared well against the annual production plan and the Company is on track to meet 2021 production guidance of 250,000 to 280,000 ounces gold.



Operations review

Health and safety

There were no significant health or safety incidents during the quarter. Sanbrado achieved 6 million manhours worked in Q1 and the operation has now been LTI free for 2 years.

COVID-19

Continuous mining and milling operations were maintained at Sanbrado during Q1, with management having implemented measures to manage COVID-19 risks for the foreseeable future.

The COVID situation improved in Burkina Faso during Q1 with a significant reduction in the number of daily infections in the country. The Company is maintaining its vigilance in following health guidelines related to hygiene, masks, testing, monitoring, and isolation for staff, contractors, and site visitors. The Social Responsibility team continued its efforts in working with the local host communities to provide education and training aimed at minimising the spread of COVID-19.

Underground mining

Underground mined ounces were 30% below the previous quarter. Ore tonnes were down 6.7% with the planned production cycle moving from stoping to backfilling and development to enable the next stoping sequences, which will provide more overall operational flexibility. Ore grade was 7.7 g/t versus 10.3 g/t in the previous quarter with a significant proportion of underground stoping ore being sourced from additional mineralised zones outside of the mine plan. During the quarter 802m of underground development was completed versus 510m in the previous quarter. At quarter-end, the M1 South decline was 315m below surface.

Underground production crews continued to implement improvements to stope mining including improving drill and blast efficiency. The introduction of larger diameter blast holes has delivered greater accuracy in drilling longer holes. The introduction of RC drilling for underground grade control is still on track for late Q2 2021. Also, increased development rates were seen in the quarter with increased manning levels to cover roster changes due to COVID-19 and training of additional national operators on key production equipment.

Open pit mining

Ounces mined from open pits were 5% below the previous quarter. A higher waste-to-ore strip ratio resulted in 29% less ore tonnes being mined compared to the previous quarter, however, this was offset by a 35% increase in grade. ROM stocks remained stable with stockpile inventory only reducing by 1.5% from the end of the previous quarter.

Open pit mining during the quarter continued at the M5 South and M1 South pits, and at the M1 North pit (refer to Figure 1). Construction of the tailings storage facility utilised waste material from the M5 pit.

Processing

The process plant continued its reliable performance. Gold produced in Q1 was 55,823 ounces, an 11% increase on the previous quarter, from 788kt of ore with a head grade of 2.3 g/t and recovery of 94%. Mill throughput was in line with the previous quarter. The 11% higher gold grade mainly reflects a higher proportion of mill feed sourced from the M1 South open pit and underground stoping ore mined at the end of Q4 2020 but processed in Q1 2021.

SANBRADO PHYSICALS	Unit	Q2 2020	Q3 2020	Q4 2020	Q1 2021	YTD 2021
OP mining						
Total movement	BCM '000	2,376	2,459	2,659	2,441	2,441
Total movement	kt	5,600	6,209	6,673	6,475	6,475
Strip ratio	w:o	6.3	3.9	5.7	8.1	8.1
Ore mined	kt	769	1,264	1,003	711	711
Mined grade	g/t	1.2	1.3	1.3	1.9	1.9
Contained gold	oz	28,799	53,112	45,730	43,636	43,636
UG mining						
Ore mined	kt	27	23	67	62	62
Mined grade	g/t	7.9	10.7	10.3	7.7	7.7
Contained gold	oz	6,725	7,787	22,091	15,474	15,474
Processing						
Ore milled	kt	737	894	785	788	788
Head grade	g/t	1.5	1.7	2.1	2.3	2.3
Recovery	%	92.0%	93.3%	94.5%	94.0%	94.0%
Gold produced	oz	32,626	45,719	50,299	55,823	55,823
Gold poured	oz	33,028	45,338	50,389	55,585	55,585
Gold sold	oz	22,221	44,184	51,688	56,780	56,780
Ore stockpiles						
Stockpile ore	kt	329	722	999	984	
Stockpile grade	g/t	1.1	1.0	1.2	1.2	
Stockpile contained gold	oz	11,193	23,392	37,814	37,552	

Figure 1: Sanbrado Gold Operation Layout



Financial and corporate review

The AISC per ounce continued its downtrend in Q1 to US\$957 due to the increase in gold ounces sold with the all-in sustaining costs remaining in-line with the previous quarter. Gold ounces sold in Q1 increased by 10% on the previous quarter to 56,780 ounces at an average price of US\$1,800 per ounce, and the Company remains unhedged. Notional net debt measured in USD decreased by US\$25 million in Q1 to be US\$76 million at the end of the quarter.

WAF ended Q1 in a healthy financial position with A\$94 million cash on hand and strong cash generation from operating activities. Cash from operating activities was A\$39 million during the quarter, cash used in investing activities was A\$16 million, and cash used in financing activities was A\$24 million, which included the first scheduled debt repayment of US\$13 million to Taurus. The Company ended the quarter with A\$31.4m in unsold bullion.

Post quarter-end WAF made a further US\$25 million voluntary debt repayment, reducing the Taurus loan balance to US\$137 million.

FINANCIAL SUMMARY (A\$'000)		Q2 2020	Q3 2020	Q4 2020	Q1 2021	YTD 2021
Gold revenue		58,570	115,413	135,873	132,317	132,317
OP mining cost		12,534	21,422	21,561	20,232	20,232
UG mining cost		3,137	2,874	6,202	6,211	6,211
Processing cost		8,038	10,893	13,737	12,254	12,254
Site administration cost		4,822	7,231	8,085	6,249	6,249
Change in inventory		(1,923)	(5,324)	(8,103)	295	295
Royalties & production taxes		3,517	8,833	8,134	7,721	7,721
Refining and by-product		190	240	(0)	(28)	(28)
Adjusted operating cost		30,314	46,169	49,614	52,934	52,934
Rehabilitation		89	273	305	421	421
Capital development ¹		3,903	8,709	12,113	9,917	9,917
Sustaining capex		1,999	4,755	4,772	4,293	4,293
Sustaining leases		1,193	645	1,103	1,148	1,148
Corporate & share-based payments		2,310	1,767	2,187	1,637	1,637
All-in sustaining cost		39,809	62,317	70,094	70,351	70,351
Exploration non-sustaining		16,928	551	668	1,596	1,596
All-in cost		56,737	62,868	71,035	71,946	71,946
Unit cost summary ²	Unit					
Adjusted operating cost	A\$/oz	1,364	1,045	960	932	932
All-in sustaining cost	A\$/oz	1,792	1,410	1,356	1,239	1,239
All-in cost	A\$/oz	2,553	1,423	1,369	1,267	1,267
Average sales price	A\$/oz	2,636	2,612	2,629	2,330	2,330
Average FX rate used	A\$/US\$	0.6570	0.7151	0.7314	0.7723	0.7723
Adjusted operating cost	US\$/oz	896	747	702	720	720
All-in sustaining cost	US\$/oz	1,177	1,009	992	957	957
All-in cost	US\$/oz	1,678	1,017	1,001	979	979
Average sales price	US\$/oz	1,732	1,868	1,923	1,800	1,800
Cash, bullion, and borrowings at quarter end						
Cash and cash equivalents	US\$m	57.4	73.5	73.1	71.2	
Bullion awaiting settlement	US\$m	8.2	12.3	10.4	23.9	
Project debt facility	US\$m	(200.0)	(200.0)	(175.0)	(161.9)	
Supplier loan facility	US\$m	(9.8)	(9.9)	(9.5)	(9.5)	
Notional net debt	US\$m	(144.2)	(124.1)	(101.0)	(76.3)	
Price used for bullion awaiting settlement		US\$1,750	US\$1,850	US\$1,891	US\$1,691	

Table notes:

¹ Capital development includes underground capital development, open pit stripping, and capitalised reserve extension drilling.

² 'Adjusted operating cost', 'all-in sustaining cost' (AISC), and 'all-in cost' are performance metrics recommended by the World Gold Council and are calculated by ounce of gold sold.

Growth

Updated Resources, Reserves and 2021 cost and production guidance

During the quarter the Company was pleased to present its 2021 production and cost guidance, updated Resources, Reserves and 10-year mine plan from the Company's Sanbrado Gold Operations¹. Key highlights included:

- Mineral Resources at 31 December 2020 of 81 Mt at 2.0 g/t for 5.1 Moz gold.
- Ore Reserves at 31 December 2020 of 20 Mt at 2.3 g/t for 1.5 Moz gold.
- 2021 production guidance of 250,000 to 280,000 ounces gold at an AISC of US\$720 - US\$800/oz.
- 10-year production outlook of 216,000 ounces average per annum 2021 to 2030.
- Exploration budget for 2021 US\$12.5 million.

The updated Resources, Reserves and mine plan underpin a +10-year +200,000 ounces per annum production outlook which will provide sustainable cashflows to build a premier low-cost mid-tier West African gold producer.

The update includes an increase of 2 Moz gold in Mineral Resources (see Table 1) highlighting the Company's growth potential around the Sanbrado Gold Operation, in the Ganzourgou region of central Burkina Faso, and includes a US\$12.5 million exploration and resource development budget for 2021.

The updated production outlook includes a 1.5 Moz Ore Reserve and 1.3 Moz in production from Inferred Mineral Resources from the recently acquired Toega project and M1 South Deep drilling.

Toega

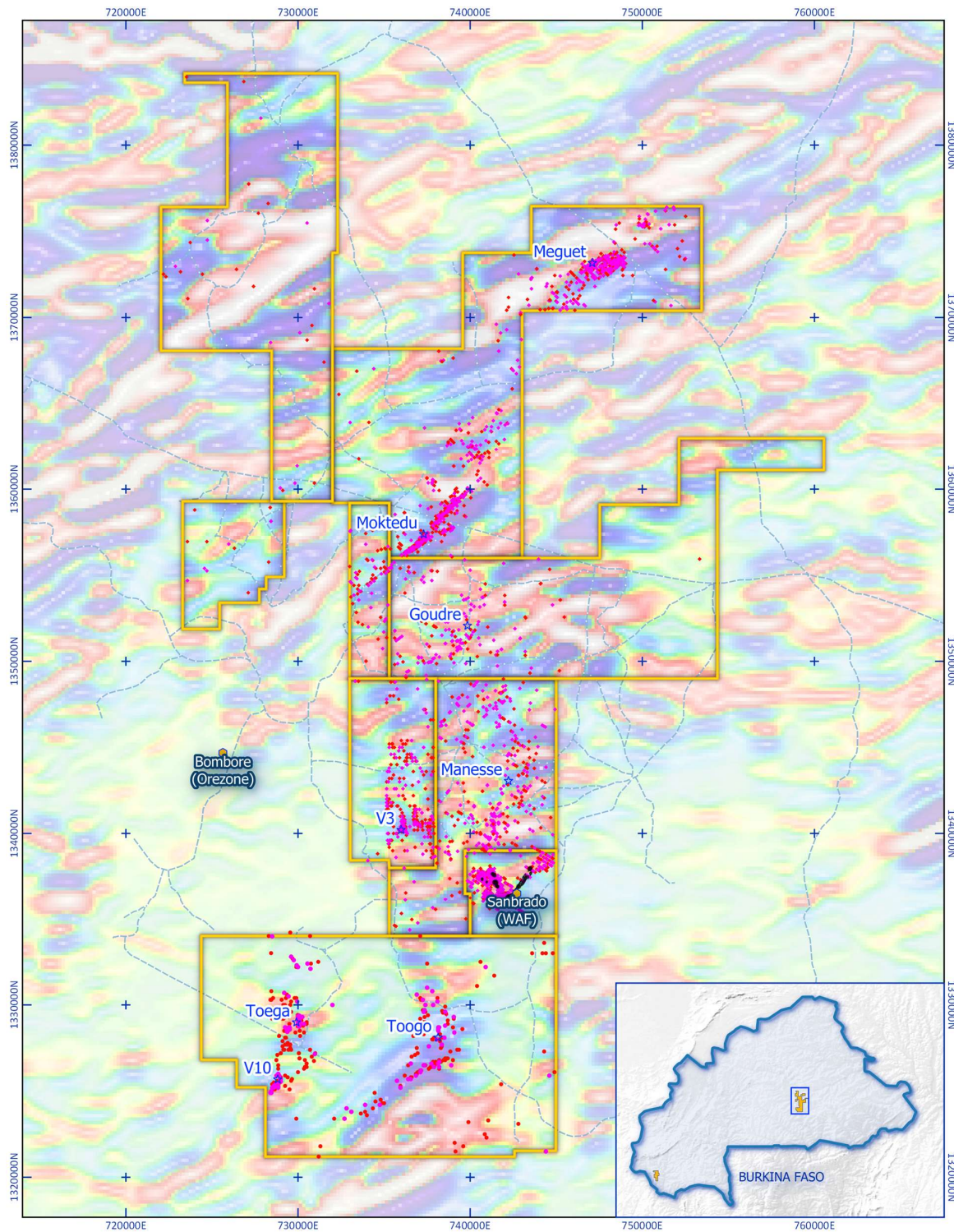
Feasibility studies and permitting work progressed well during Q1. Open pit geotechnical drilling was completed and samples selected for test work. Metallurgical test work samples have also been collected. During the quarter the Mineral Resource was re-estimated following the JORC guidelines confirming an Inferred Mineral Resource of 22Mt at 1.9 g/t for 1.3 Moz of contained gold. A scoping level study was completed confirming the project economics¹. Diamond and RC infill drilling to enable the estimation of Indicated Mineral Resources progressed well during the quarter and will be completed in Q2. Environmental and social studies commenced during the quarter with the collection of baseline data.

Exploration

The Company's exploration teams are working at the Comoe project in the west of Burkina Faso at the Mankarga V3 (V3) permit 5km northwest of Sanbrado. First pass auger drilling, mapping and sampling programs are being completed by Company geologists in both areas. A historical data review was completed during the quarter on the V3 permit (Figure 2). Minor RC drilling was completed in the early 2000's on the V3 permit by previous workers. Shallow RC drilling beneath artisanal workings returned up to 16m at 5.2 g/t Au including 1m at 58.9 g/t Au. Results from the auger programs are expected by the end of Q3 2021.

¹ Refer to ASX announcement 9th March 2021 titled "WAF Resource, Reserve and production guidance update 2021".

Figure 2: Sanbrado Regional Geochem



WAF Projects
Roads and Tracks

Auger and Soil Sampling Gold
• 15 - 30 ppb
• >30 ppb

Nakomgo Auger Sampling Gold
• 5 - 15 ppb
• > 15 ppb

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Environmental and social responsibility

WAF acknowledges its responsibility to minimise adverse environmental impacts and contribute to sustainable community development. Its approach to environmental management is founded on having a thorough understanding of where it operates, and in assessing and managing risks across all stages of its operations in consultation with host communities. WAF's key ongoing environmental and social management activities include:

- Implementing a robust Environmental and Social Management System aligned with ISO 14001 and ISO 45001.
- Ongoing comprehensive review of the Sanbrado Project against the IFC Environmental and Social Performance Standards.

Environmental

Ongoing environmental management activities include:

- Implementing the Environmental, Social, Health, Safety Management System (ESHSMS).
- Undertaking ongoing environmental monitoring to ensure compliance with environmental obligations and commitments.
- Providing opportunities for host communities and wider stakeholders to provide feedback on performance through a Grievance Redress Mechanism, accessible to all members of the public.

The environmental management activity areas for the quarter included:

- Quality and availability of community water supplies
- Water flow of natural river systems
- Monitoring dust and air pollution
- Revegetation trials as part of progressive rehabilitation program
- Acid rock drainage controls
- Domestic and hazardous waste disposal management

There were no significant environmental incidents in the quarter.

Social responsibility

WAF's social commitments focus on the key areas of:

- Equitable employment opportunities in skilled and labour positions with an emphasis on local procurement.
- Payment of taxes and royalties to help national and local economic development.
- Social investment initiatives, including:
 - Supporting local youth in achieving different trades and driving qualifications.
 - Financial training and facilitating microfinance projects offered to men and women in resettlement communities.
 - Programs and initiatives centred around health and wellbeing, including donation of personal protective equipment and hand sanitizer in the fight against COVID-19, donation of medical equipment to national and local health care centres.
 - Agricultural initiatives to improve yield, crop diversity and to extend growing season.

The community relations activity areas for the quarter included:

- Ongoing implementation of livelihood restoration programs

- Development of a comprehensive social and community database
- Literacy and health programs
- Construction and maintenance of facilities related to health, education, livelihood, and regional infrastructure
- Cultural heritage programs
- Ongoing implementation of the Grievance Redress Mechanism
- Workforce recruitment and procurement of supplies for Sanbrado from the local communities

Activities from some of the recent Company initiatives are shown in the photographs below.



WAF’s former core handling yard now repurposed as a Community Centre – Local women shown are being trained in traditional cloth weaving.



Local women receiving certificates and materials at the completion traditional weaving and dyeing training.



New school under construction by WAF.



Richard Hyde visiting one of three new schools built by WAF in the Sanbrado area.

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Closing ceremony for retraining courses for former artisanal miners.



Distribution of livestock feed to local communities.

This announcement was authorised for release by Mr Richard Hyde, Executive Chairman and CEO.

Further information is available at www.westafricanresources.com

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Summary of Tenements in Burkina Faso as at 31 March 2021

Summary of Tenements in Burkina Faso								
Tenement Name	Registered Holder	% Held	Tenement Number	Grant Date	Expiry Date	Tenement Type	Tenement Area km2	Geographical Location
Goudré*	Wura Resources Pty Ltd SARL	100%	No 2018-186/MMC/SG/DGCM	05/09/2018	23/03/2021	EL	175	Ganzourgou Province
Manessé II	Tanlouka SARL	100%	N2020-254/MMC/SG/DGCM	13/11/2020	12/11/2023	EL	86.87	Ganzourgou Province
Bollé*	Wura Resources Pty Ltd SARL	100%	No 17 – 223//MMC/SG/DGCM	21/11/2017	20/11/2020	EL	205.5	Ganzourgou Province
Diakora*	Jean Donessoune	100%	No 2017-140/MMC/SG/DGCM	07/09/2017	06/09/2020	EL	58.66	Comoe Province
Dounougou*	Jean Donessoune	100%	No 2017-139/MMC/SG/DGCM	07/09/2017	06/09/2020	EL	132.57	Comoe Province
Tieradeni I*	Jean Donessoune	100%	No 2017-138/MMC/SG/DGCM	07/09/2017	06/09/2020	EL	141.5	Comoe Province
Nakomgo*	Kiaka Gold SARL	100%	No 2017-179/ MMC/SG/DGCM	24/10/2017	23/10/2020	EL	249.19	Bazega and Ganzourgou Provinces
Mankarga V3	Jacques Teegawèndé Zongo	100%	No 2020-170/ MMC/SG/DGCM	16/07/2020	15/07/2023	EL	52.595	Ganzourgou Province
Sanbrado	SOMISA (Societe Des Mines De Sanbrado SA)	90%	Décret No 2017 – 104/PRES/PM/MEMC/MINEFID/MEEV CC Arrêté No 2018-139/MMC/SG/DGMG	13/03/2017	12/03/2024	ML	25.9	Ganzourgou Province

* Renewals pending with the Dept of Mines and Quarries

Competent Person's Statement

Information in this announcement that relates to mineral resources (excluding M1 South Deeps) is based on, and fairly represents, information and supporting documentation prepared by Mr Brian Wolfe, an independent consultant specialising in mineral resource estimation, evaluation, and exploration. Mr Wolfe is a Member of the Australian Institute of Geoscientists. Mr Wolfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (or "CP") as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Wolfe has reviewed the contents of this announcement and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

Information in this announcement that relates to mineral resources for the M1 South Deeps is based on, and fairly represents, information and supporting documentation prepared by Mr Neil Silvio, an employee and Resource Geologist of the Company. Mr Silvio is a Member of the Australian Institute of Geoscientists. Mr Silvio has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (or "CP") as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Silvio has reviewed the contents of this announcement and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

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

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

Forward Looking Information

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of the Company, are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'anticipate', 'believe', 'could', 'estimate', 'expect', 'future', 'intend', 'may', 'opportunity', 'plan', 'potential', 'project', 'seek', 'will' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of the Company that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

Production Targets

The first 3 years of the production target is based on 100% ore reserves. Thereafter, the production target is based on a combination of ore reserves and Inferred Mineral Resources. Overall, the production target is based 54 % Reserves and 46 % Inferred Mineral Resources. Approximately 20 % of the production target is based on Inferred Mineral Resources from the Toega deposit where further resource definition drilling is in progress and scheduled for completion by the end of 2021. Approximately 26 % of the production target is based on Inferred Mineral Resources located beneath Reserves at the M1 South Deposit. Infill drilling from underground on this mineralisation is scheduled to commence in late 2021. The first three years of the schedule (to the end of 2023) are based solely on Proved and Probable Reserves. Potential production from Toega and M1 South Inferred Mineral Resources are not significant in the early years of the 13-year mine life and are not determinative of the project viability.

An Inferred Mineral Resource has a lower level of confidence than an Indicated Mineral Resource and there is no certainty that further exploration work will result in the conversion of the material into an Indicated Mineral Resource or that the production target based on the Inferred Mineral Resource will be realised and if so, to what extent. Potential production from Toega and M1 South Inferred Mineral Resources are not significant in the early years of the currently estimated 13 year mine life and are not determinative of the project viability.

The stated production target is based on the Company's current expectations of future results or events and should not be relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish further confidence that this target will be met.