

# Sanbrado Gold Project Feasibility Study

West Africa's next tier 1 gold asset

22 June 2018

Richard Hyde – Managing Director & CEO



# IMPORTANT NOTICE

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This presentation contains “forward-looking information” within the meaning of securities legislation, including information relating to West African’s future financial or operating performance. All statements in this presentation, 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 factors 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 are also considered forward-looking information as the estimation involves subjective judgments about many relevant factors. Mineral resource estimates may have to be re-estimated based on, among other things: fluctuations in the gold price; results of future exploration activities; results of metallurgical testing and other studies; changes to proposed mining operations, including dilution; and the possible failure to receive required permits, approvals and licenses.

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## NI 43-101 QUALIFIED PERSONS AND COMPETENT PERSONS STATEMENT

Information in this presentation that relates to exploration results, exploration targets or mineral resources 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 (the JORC Code) and a Qualified Person under Canadian National Instrument 43-101. Mr Wolfe has reviewed and approved the contents of this presentation and consents to the inclusion in this presentation of all technical statements based on his information in the form and context in which they appear.

Information in this presentation that relates to open-pit Ore Reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Stuart Cruickshanks, an independent specialist mining consultant. 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 CP 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 Canadian National Instrument 43-101. Mr Cruickshanks has reviewed and approved the contents of this presentation and consents to the inclusion in this presentation of all technical statements based on his information in the form and context in which they appear.

Information in this presentation that relates to underground Ore Reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Wade, an independent specialist mining consultant. Mr Wade is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Wade 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 CP 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 Canadian National Instrument 43-101. Mr Wade has reviewed and approved the contents of this presentation and consents to the inclusion in this presentation of all technical statements based on his information in the form and context in which they appear.

WAF has filed a Press Release dated 22 June 2018, summarising the results of a Feasibility Study for the Sanbrado Gold Project and will file a technical report within 45 days which will detail amongst other things, information about assay methods, data verification and QA/QC procedures related to the Sanbrado Gold Project. The statements in that Press Release under the headings “Forward Looking Information” and “Production Targets” are incorporated into this Presentation.

# SANBRADO GOLD PROJECT

## JUNE 2018 - FEASIBILITY STUDY HIGHLIGHTS

### HIGH-GRADE +200,000 oz pa PRODUCTION

- Sanbrado Gold Project: 1.6Moz Probable Mineral Reserve
- 211,000 oz average gold production per annum for the first 5 years
- +4g/t average head grade for the first 5 years

### LOW COST, HIGH MARGIN OPERATION

- High-grade MRE supports low cost operation with LOM AISC of US\$640/oz, Y1-5 AISC US\$551/oz
- Pre-tax NPV of US\$567M and IRR of 62%, After-tax NPV of US\$405M and IRR of 49%
- 16-month pay-back on pre-production capex of US\$185M (pre-prod mining and including contingency)

### CONVENTIONAL MINING & PROCESSING

- Contract open pit and underground mining
- Recent contractor pricing supporting all mining costs
- Conventional SAG + Ball milling (SABC) & CIL processing delivering LOM recovery of 93%

### READY FOR NEAR- TERM DEVELOPMENT

- Environmental approvals obtained, mining permit update expected Q3 2018
- M5 UG Scoping Study expected in Q3 2018, adding M5 underground to mining reserves
- Debt package negotiations underway with banks, expected completion end Q4 2018

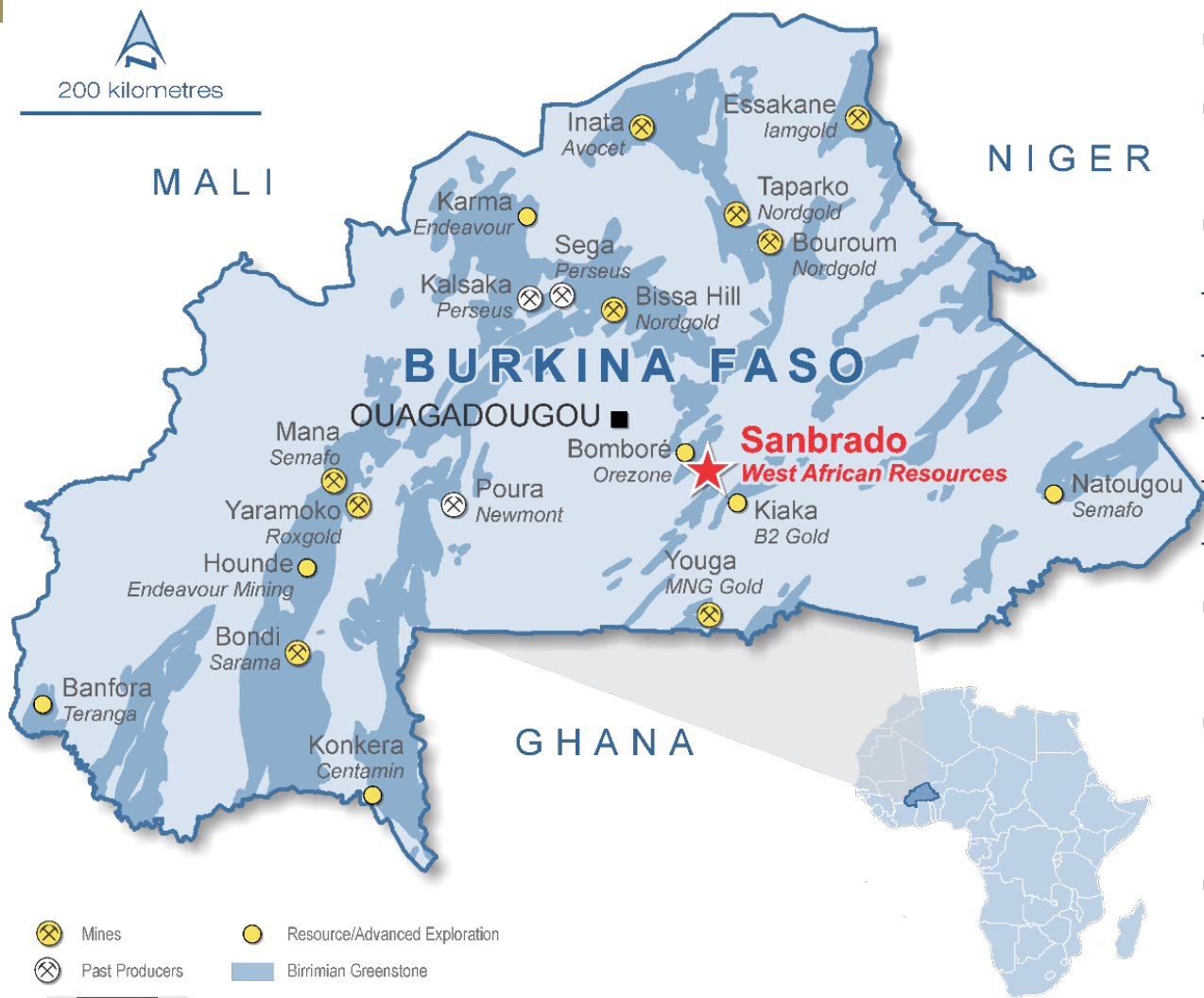
### EXPERIENCED MANAGEMENT

- Experienced management and operational teams in Burkina Faso and Perth
- Key management appointments imminent
- Proven track record in discovery, development and delivery of major gold projects in West Africa

### SIGNIFICANT EXPLORATION UPSIDE POTENTIAL

- DFS Mineral reserves does not include Inferred Resources; recent M1 drilling yet to be added to MRE
- M5 continues to deliver higher grades at depth
- More than 1,000km<sup>2</sup> of contiguous exploration licences covering prospective greenstone belts

# SANBRADO GOLD PROJECT



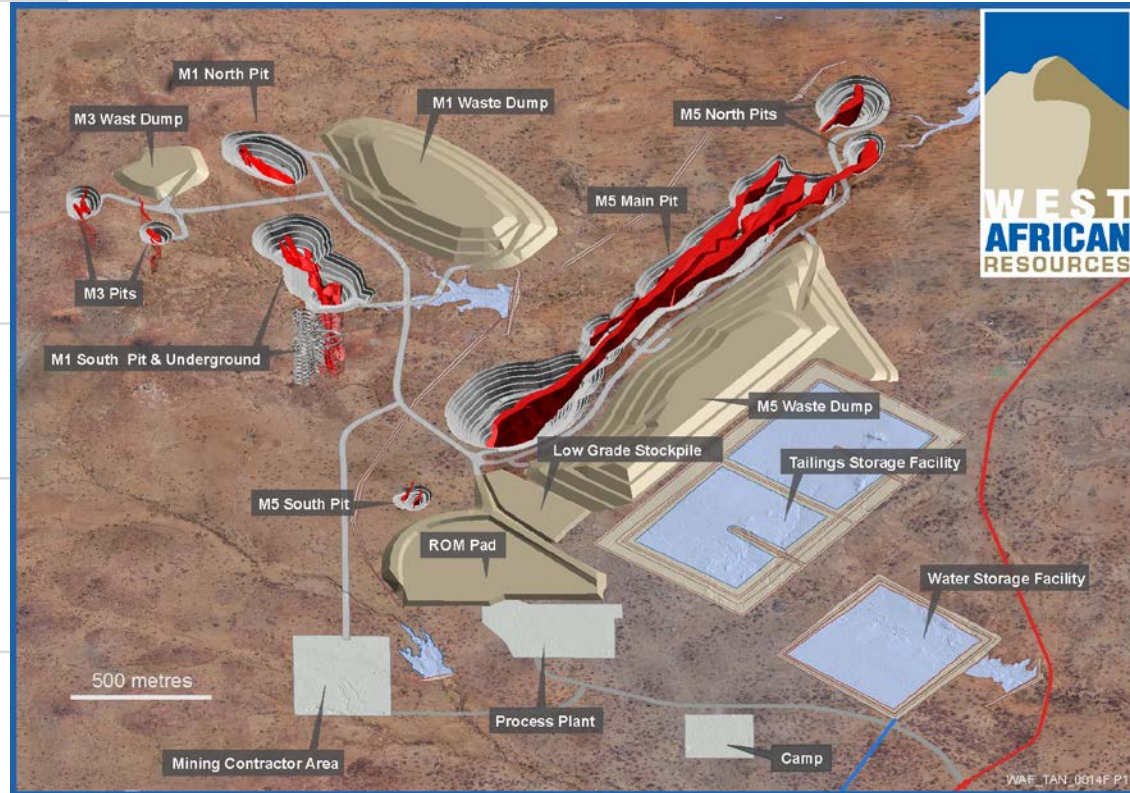
- Located in central Burkina Faso
- 110km, 1.5 hrs southeast of Ouagadougou
- Excellent infrastructure
  - 20km from sealed highway
  - Excellent mobile phone coverage
  - LV grid power on site
  - 15km from HV grid power
  - 18km from stable water source
- Low population density area, limited relocation required
- Environmental licence granted, updated Mining Licence expected Q3 2018
- First mover in emerging gold district; more than 14Moz gold discovered to date

# SANBRADO GOLD PROJECT

## FEASIBILITY STUDY HIGHLIGHTS

### KEY PROJECT METRICS

<b>Project</b>	<ul style="list-style-type: none"> <li>High-grade underground and open-pit operation with 2Mtpa SABC CIL plant</li> </ul>
<b>Resource</b>	<ul style="list-style-type: none"> <li>MRE of 2.35Moz Au (Indicated) &amp; 0.55Moz Au (Inferred)</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>Average 211koz per year for first 5 years</li> <li>Average 133kozpa over 11 year LOM</li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>Low pre-production CAPEX of US\$185M</li> <li>Y1-5 AISC of US\$551/oz Au</li> <li>LOM AISC of US\$640/oz Au</li> </ul>
<b>Returns</b>	<ul style="list-style-type: none"> <li>Pre-tax NPV<sub>5%</sub> of US\$567m and IRR of 62%</li> <li>After-tax NPV<sub>5%</sub> of US\$405m and IRR of 49%</li> <li>16-month post-tax payback on \$185m capex</li> </ul>
<b>Key Milestones</b>	<ul style="list-style-type: none"> <li>Updated Mining Licence anticipated Q3</li> <li>Project debt financing commenced, debt syndicate expected Q4 2018</li> </ul>





# SANBRADO GOLD PROJECT

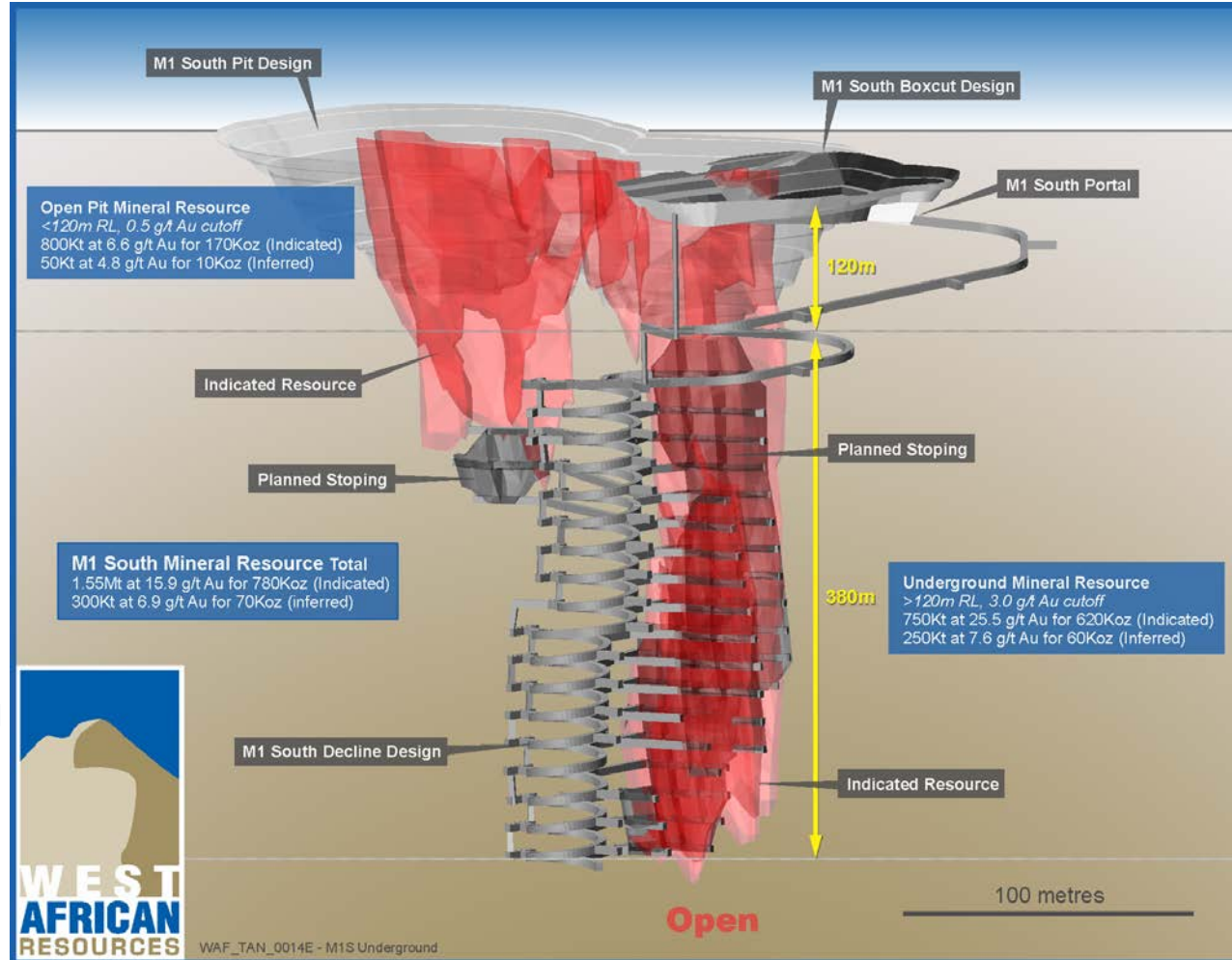
## M1 SOUTH DEPOSIT

### June 2018 MRE

- **OP 0-120m** - 170koz at 6.6 g/t gold (Ind), 10koz at 4.8 g/t gold (Inf)
- **UG 120-530m** - 620koz at 25.5 g/t gold (Ind), 70koz at 7.6 g/t gold (Inf)

### June 2018 Probable Reserves

- **OP 0-120m** - 156koz at 6.9 g/t gold
- **UG 120-500m** - 553koz at 11.7 g/t gold
- 120t digger, 95t haul trucks for OP
- Standard jumbo development, 40-50t trucks for UG
- Decline 5.5m x 5.5m, crosscuts and stockpiles 5m x 5m, ore drives 4.5m x 4.5m
- Uphole retreat bench stoping, rock fill and cemented fill
- 300-350kt per annum average prod.
- Grade variation 10.1 - 19.2 g/t Au
- 4.5 year UG study mine life



# SANBRADO GOLD PROJECT

## M5 DEPOSIT

### June 2018 MRE

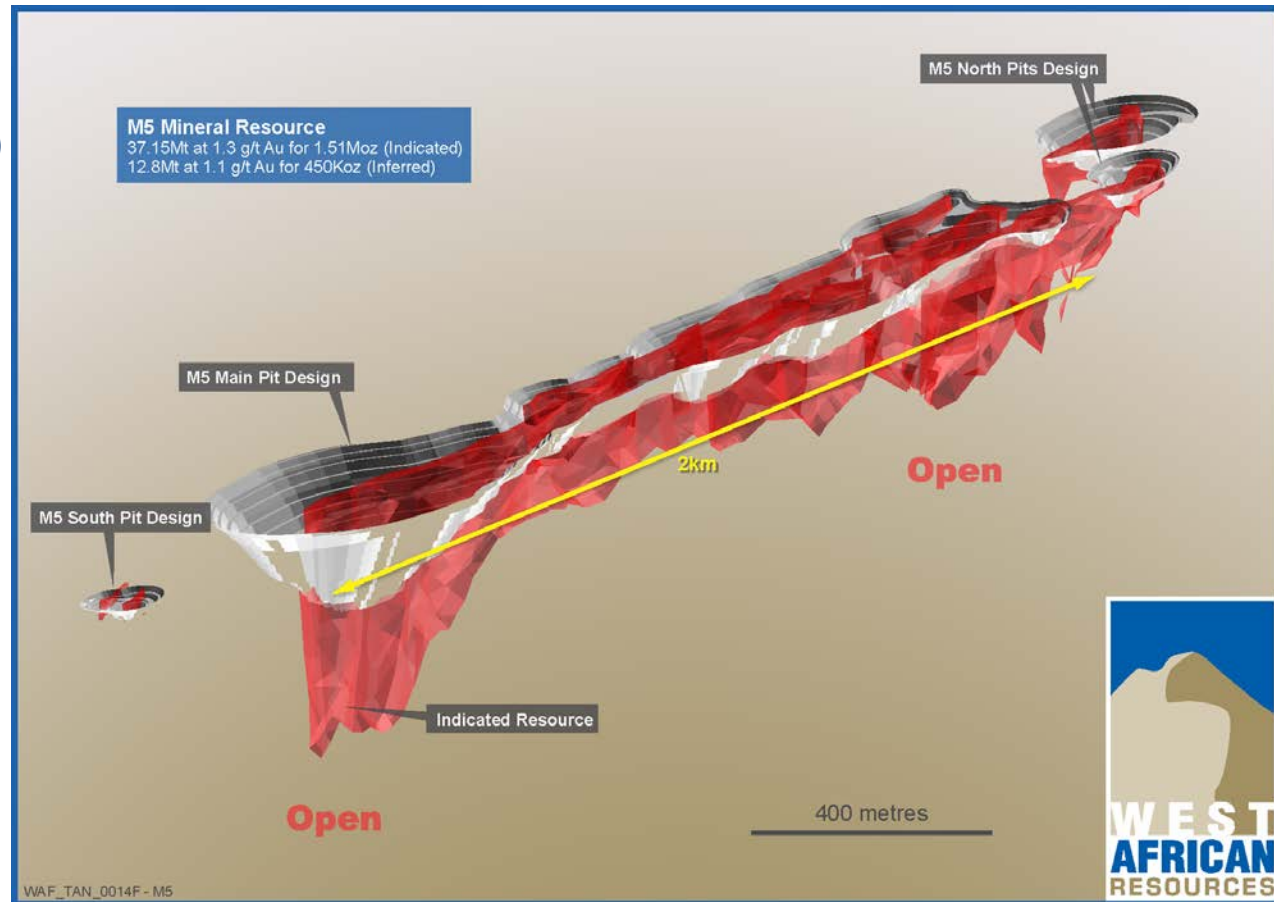
- 37.2Mt at 1.3 g/t Au for 1.5Moz (Ind)
- 12.8Mt at 1.1 g/t Au for 0.45Moz (Inf)

### June 2018 Probable Reserves

- 0.8Moz at 1.5 g/t gold (16.4Mt)
- Main pit 2km long, up to 400m wide and 290m deep in southwest
- Ore from surface
- Over 50% oxide
- 3.8 : 1 LOM strip ratio
- 120-200t digger, 95t haul trucks
- 11 year study mine life

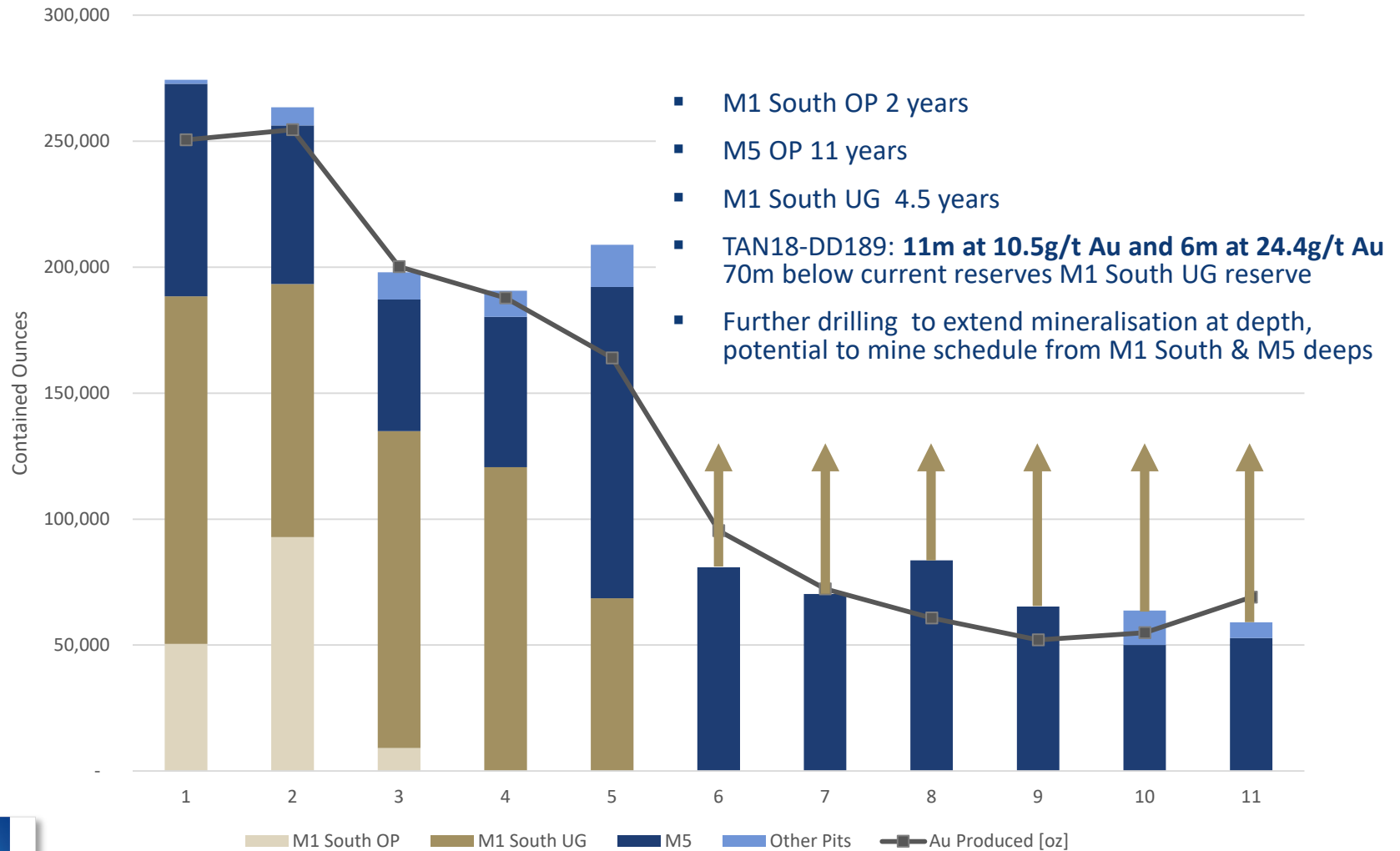
### Other Pits Probable Reserves

- 70koz at 1.1 g/t gold (1.8Mt)



# SANBRADO GOLD PROJECT

## ORE MINED BY SOURCE AND ANNUAL PRODUCTION



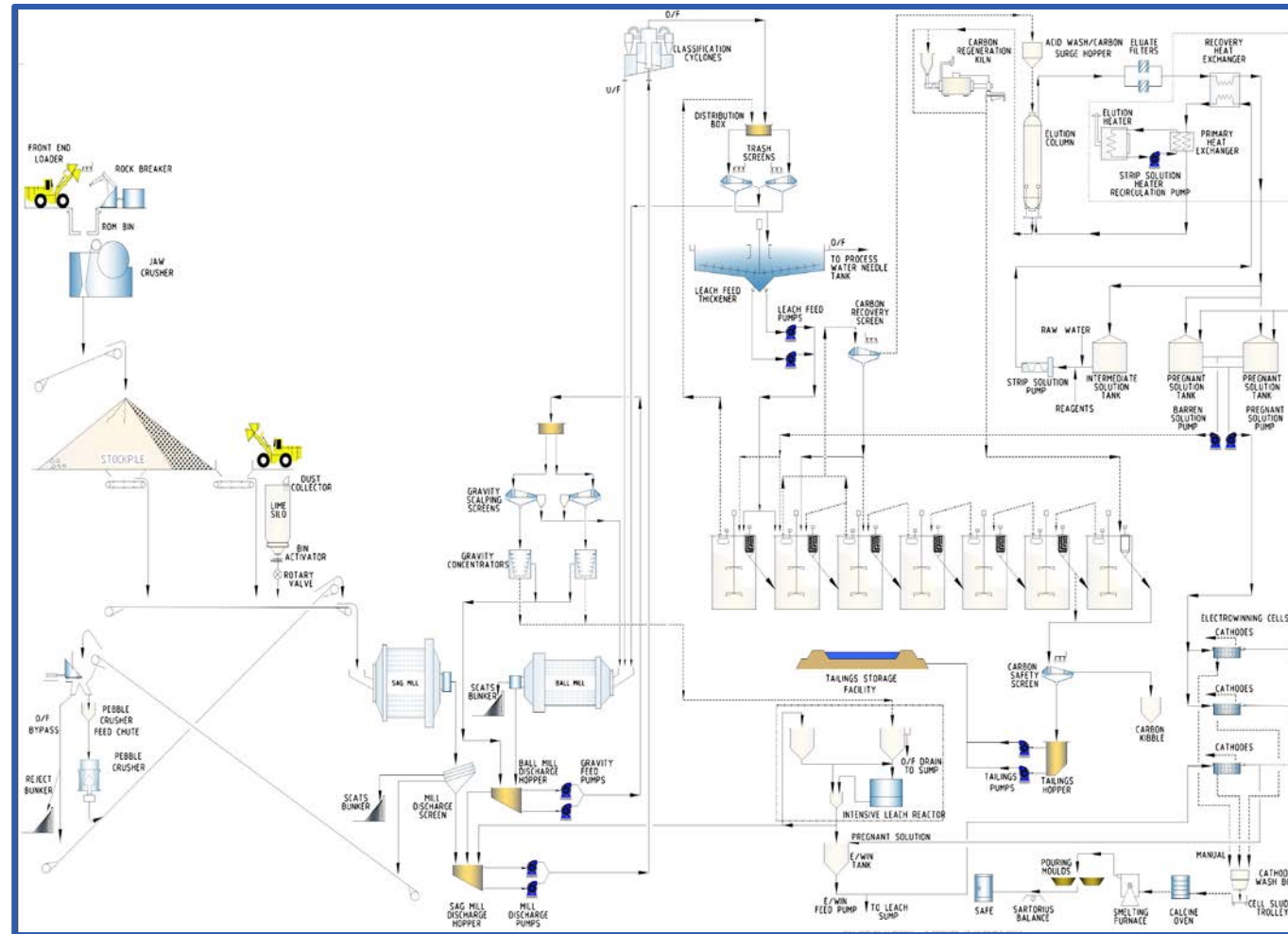


# SANBRADO GOLD PROJECT

## PROCESSING & METALLURGY

### Standard 2Mtpa CIL plant design

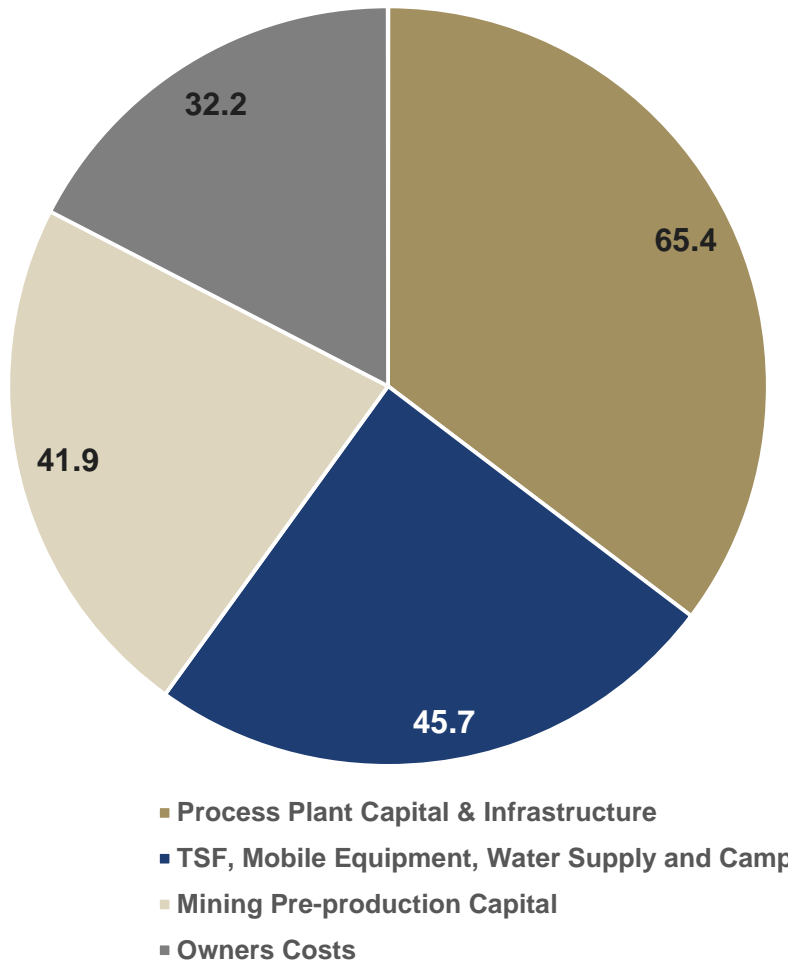
- Primary crushing & SABC grinding, gravity recovery
- 75-90 micron grind
- CWi 4-11kWh/t (Oxide-Fresh)
- BWi 8-22kWh/t (Oxide-Fresh)
- 15-40% gravity gold
- LOM Processing costs:
  - \$10/t oxide
  - \$12-15/ trans & fresh
- LOM recovery 93%



# SANBRADO GOLD PROJECT

## CAPITAL EXPENDITURE SUMMARY

### DEVELOPMENT CAPEX BREAKDOWN<sup>1</sup>



- US\$185m development CAPEX inclusive of open-pit and underground pre-production mining & development costs, contingencies, duties & taxes
- Capital cost estimate prepared to Bankable Feasibility Study level in Q2 2018, accuracy +/- 15%, with 90% level of confidence
- Based on EPCM approach with owner assuming builders risk
- Capital estimates prepared by Mintrex, Knight Piesold, Cardno BEC and ECG Engineering
- Includes contingencies which vary by area ranging between 5 – 20%.
- 16 month after tax pay back

1. All figures are inclusive of contingencies – see Key observations

2. Includes UG mining capex and mining opex prior to commercial production post end Sept 2020

# NEAR TERM MILESTONES

## CURRENT DEVELOPMENT PLAN FOR 2018 AND BEYOND

	2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Resource upgrades M5 Scoping			•		•							
Further resource / reserve and definition drilling												
Updated environmental and mining permits	✓	•										
Updated feasibility study		✓										
Formal Investment Decision (FID)			•									
Detailed design and commencement of early works				•								
Project financing – banking syndicate selection				•								
Debt drawdown					•							
Box-cut & portal establishment, decline development						•						
Commencement of major works										•		
Underground ore development and mining												
Open pit mining commences												
First gold and commercial production											•	





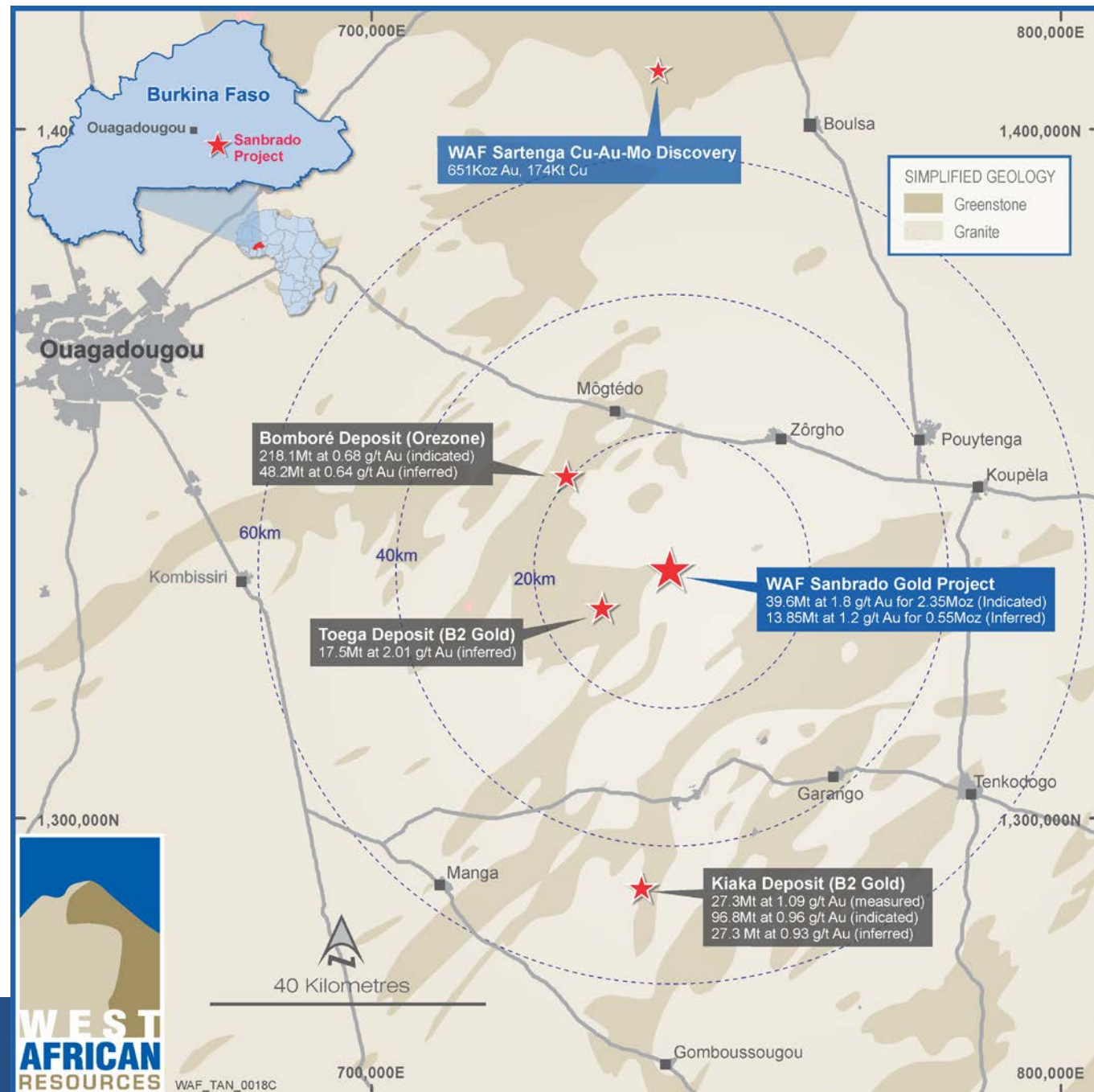
## Additional Information





# SANBRADO PROJECT

- Region hosts 14Moz undeveloped resources
- Potential for regional consolidation and infrastructure synergies
- Sanbrado has the highest grade of all deposits in the vicinity and is key to unlocking value in the region





# EXPLORATION POTENTIAL & UPSIDE AREAS

## 1 NEAR MINE EXPLORATION

### <5km from Sanbrado

- Continue to chase M1 South below 500m depth, deposit has maintained 1,500oz/vm from surface mostly over only 100m strike
- M1 extensions south-west towards intersection with M5 trend (drilling in progress)
- M5 high-grade underground potential – DD102 beneath Ore Reserve pit shell 77m at 5.3g/t Au including 14m at 22.5g/t Au Structural targets northern side of granite dome

## 3 REGIONAL POTENTIAL

### Sanbrado is key to unlocking an under-explored region with further consolidation potential

- Burkina Faso is the third largest gold producing nation in West Africa after Ghana and Mali
- In 2016, the country produced 1.2Moz Au and has the third largest reserve and resource base of 14.95Moz and 35.01Moz Au respectively
- Burkina Faso also accounted for 24% of all mineral exploration budgets in 2016, the highest of any country in West Africa

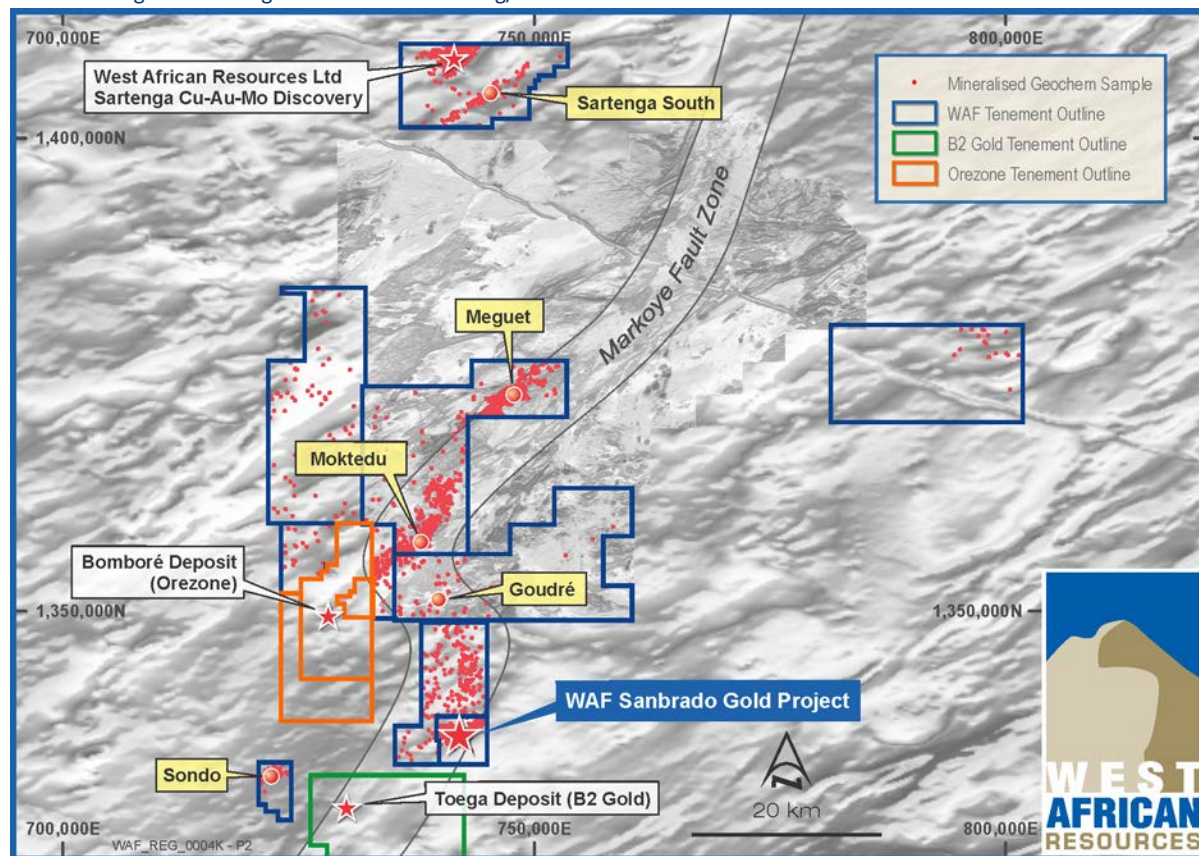
### WAF has identified a number of highly prospective regional targets

- 70Mt Sartenga Bornite-Gold-Molybdenum Porphyry ~1g/t Au eq, low strip, excellent flotation test work results, rail within 40km
- 8km Sartenga South Trend – 20m at 2.5g/t Au from 36m
- WAF is the largest ASX landholder in Burkina Faso with +1,000km<sup>2</sup> of exploration permits

## 2 SURROUNDING EXPLORATION

### <30km from Sanbrado

- 10km geochem Moktedu Trend – 28m at 9.2g/t Au from surface
- 10km geochem Meguet Trend – 10m at 7.8g/t Au from surface
- Goudré rock chips +60 g/t Au



# SANBRADO GOLD PROJECT

## 2017 OPEN PIT FS V 2018 UPDATED FS

Metric	Feb 2017 Feasibility Study	June 2018 Updated Feasibility Study	Description
Mining	OP	OP & UG	Following continued drilling success at depth on M1 South, a new study determined that concurrent OP & UG mining of M1 South was optimal for exploiting the deposit.
Mine Life	9	11	Increased LOM production as a result of incorporation of M1 South UG ore
LOM Production (kozpa Au)	93	133	As Above
Year 1 – 5 Production (kozpa Au)	150 <sup>1</sup>	211	As above
LOM AISC (US\$/oz Au)	717	640	
Year 1 – 5 AISC (US\$/oz Au)	672 <sup>1</sup>	551	
Capex (US\$m)	131	185	Includes additional preproduction underground mining costs
LOM Recoveries	91%	93%	
LOM Ore Milled	16.8Mt	20.4Mt	Increased ore as a result of M1 South underground material and additional ore tonnes from M5
LOM Average Head Grade (g/t)	1.7	2.4	Increase to grade, incorporating high-grade material from M1 South underground
LOM Contained Gold Reserves (koz Au)	893	1,557	Increase to gold reserves as a result of additional UG ore from M1S
Gold Price Assumption (US\$/oz Au, real)	1,200 flat	1,300 flat	Increase in gold price to reflect current higher spot gold price
Process Circuit Design	1 SAG mill	1 SAG mill, 1 ball mill	Metallurgical test work on high-grade material resulted in SABC circuit. New processing regime sees P80 grind of 90um for bulk tonnage, 75um for higher grade M1 South ore.

1. Note: pertains to years 1-3 for Feb 2017 Feasibility Study

# SANBRADO GOLD PROJECT

## FINANCIAL MODEL OVERVIEW

### PRODUCTION AND FINANCIAL SUMMARY (BASE CASE)

Base case is stated on a 100% basis

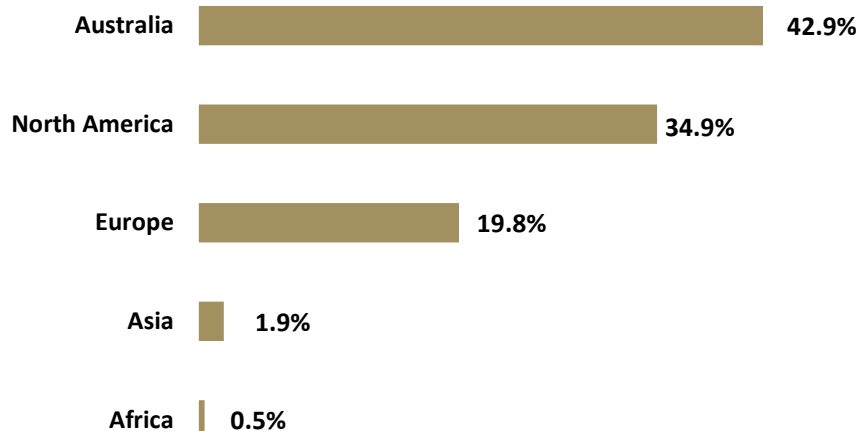
<b>Production LOM</b>	LOM average of 133kozpa, average of 211kozpa year 1 – 5 of full production
<b>Production Costs LOM</b>	Average Cash Costs of US\$581/oz / A\$775/oz Average All-in Sustaining Costs (AISC) of US\$640/oz / A\$853
<b>IRR</b>	Pre-tax IRR of 62% and 12 month pay back on pre-production capital Post-tax IRR of 49% and 16 month pay back on pre-production capital
<b>NPV</b>	Pre-tax NPV5% of US\$567m / A\$756m Post-tax NPV5% of US\$405m / A\$540m
<b>Capex</b>	US\$185m (inclusive of all open-pit and underground pre-production mining & development costs, contingencies, duties & taxes)
<b>Mine Life</b>	11 years
<b>Mineral Reserves</b>	20.4Mt at 2.4 g/t gold containing 1.57Moz ounces of gold
<b>LOM Recoveries</b>	92.9% for 1.46Moz of gold recovered
<b>Gold Price Assumption</b>	Flat US\$1,300/oz
<b>Taxes and Royalties</b>	10% Government Free-carried Interest, 4% Gold Royalty, 1% Local Development Fund Contribution, 27.50% Corporate Tax Rate <sup>2</sup>

# CORPORATE OVERVIEW

## ASX & TSX-V: WAF

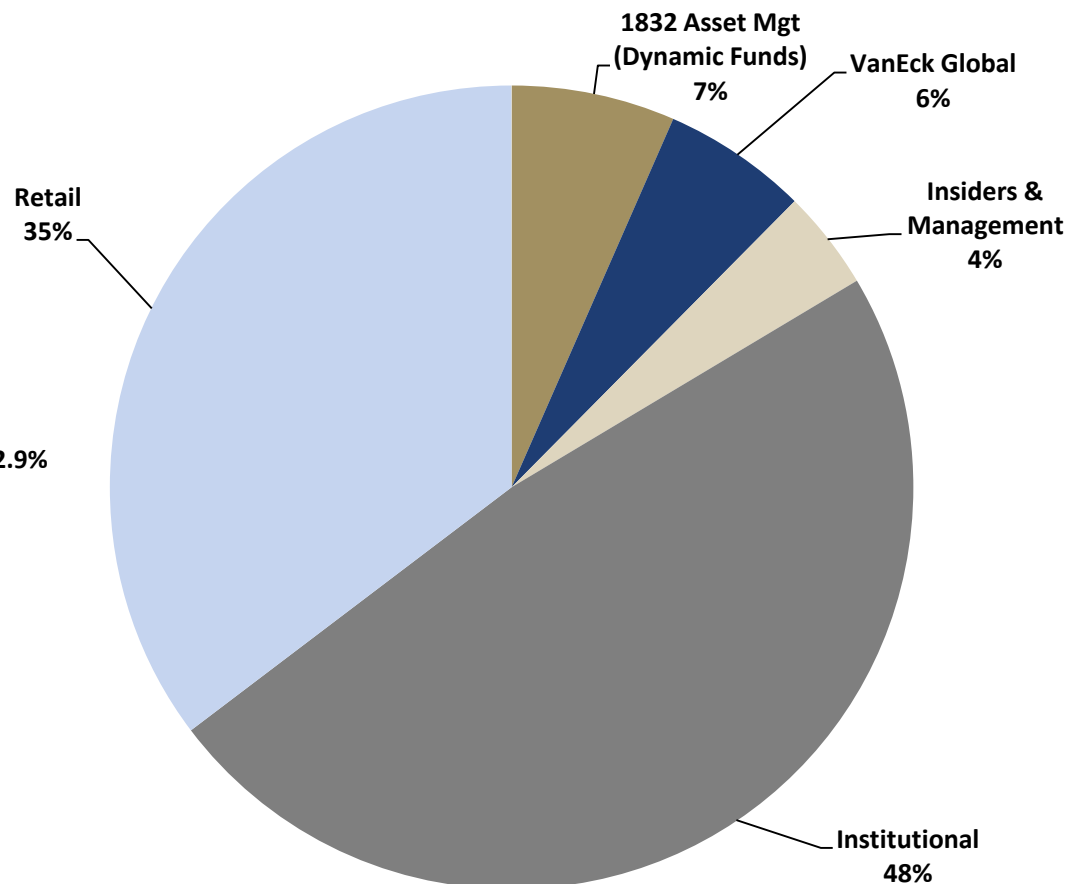
Total Ordinary Shares on Issue	690.8m
Options on issue	16.0m
Top 20 Shareholders	51%
Cash (31 May 2018)	A\$44m
Market Capitalisation (at A\$0.305/share)	A\$211m

## INVESTOR BY GEOGRAPHIC LOCATION<sup>1</sup>

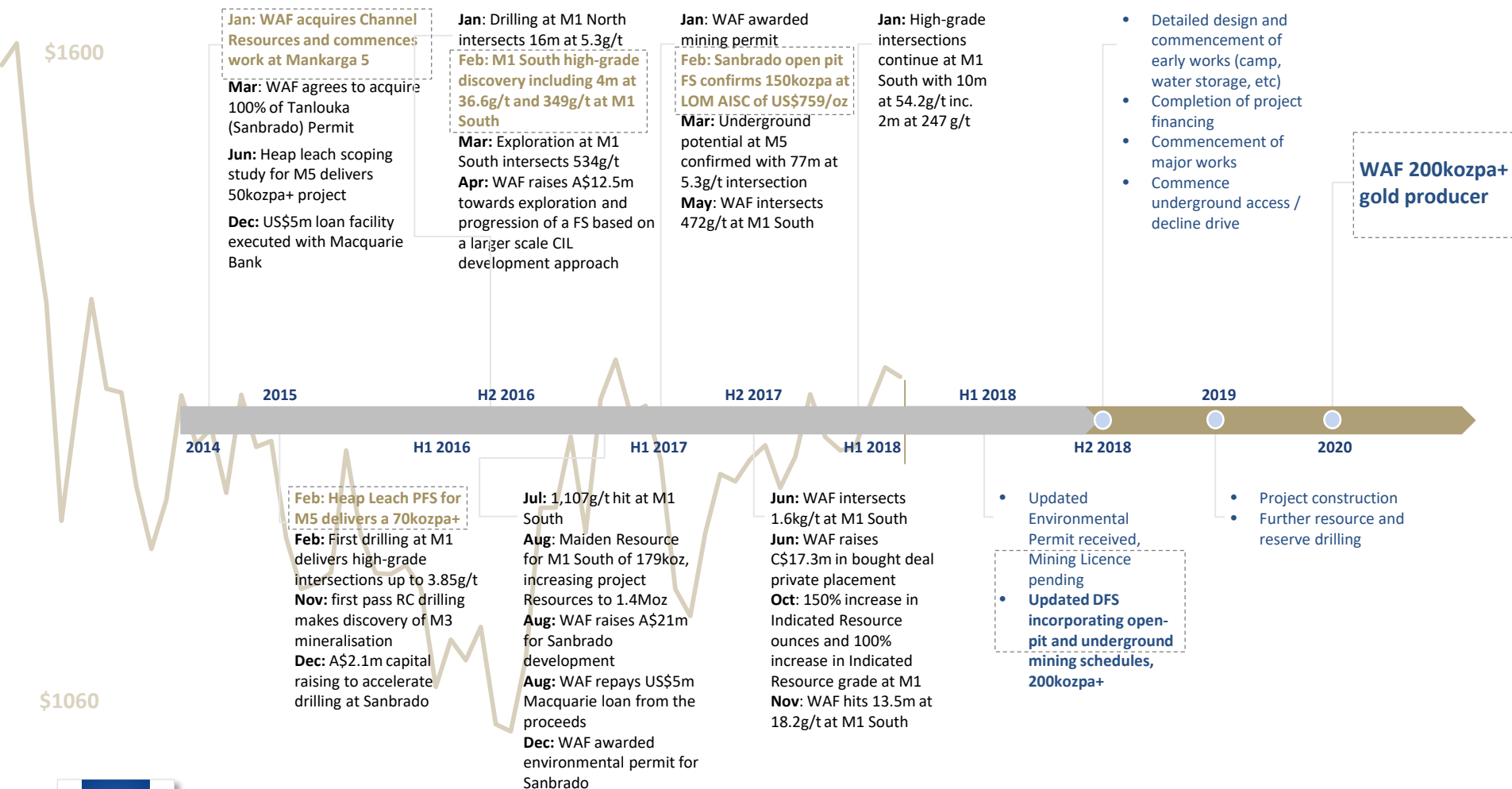


1. for top 80% of investors

## INVESTORS BY TYPE



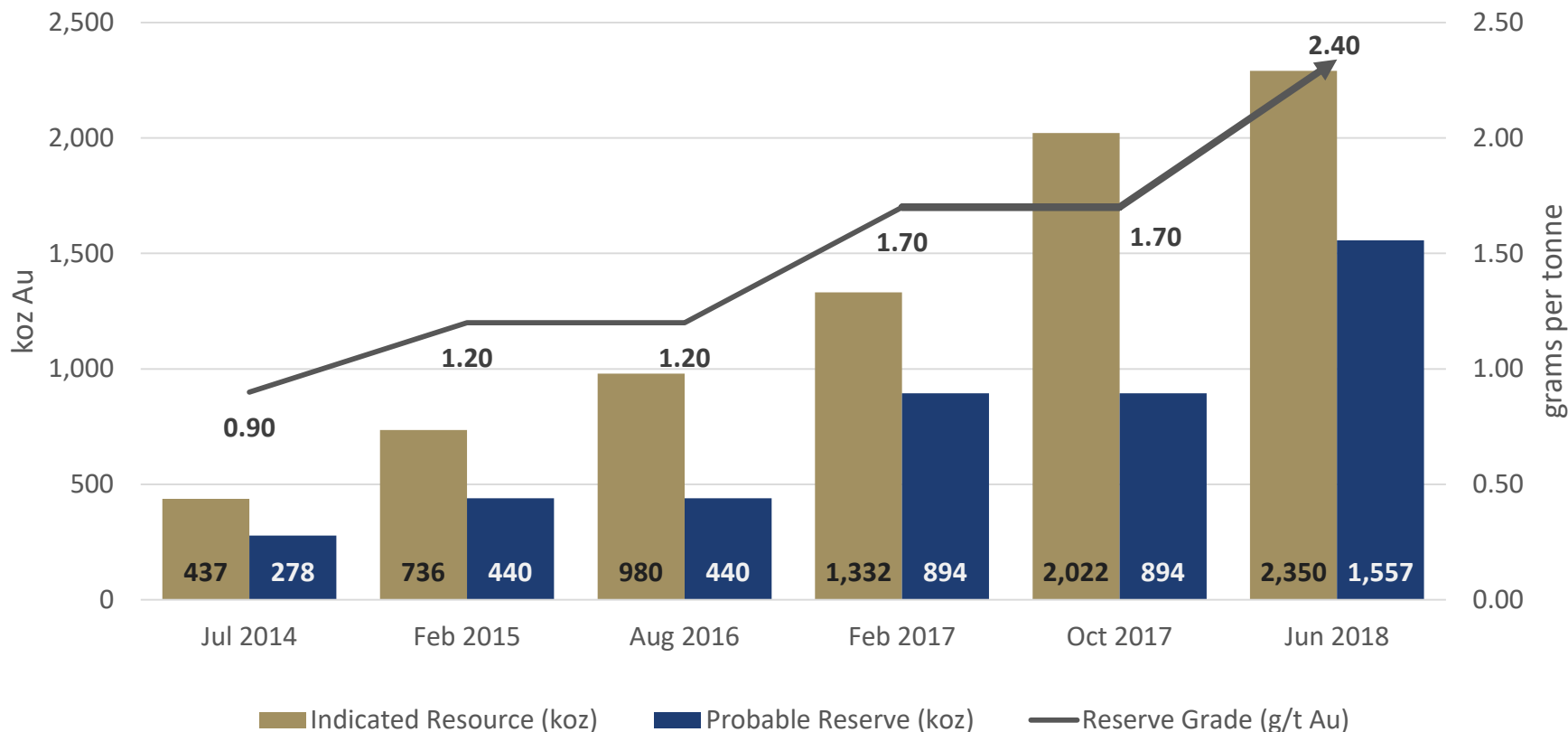
# PROJECT TIMELINE





# SANBRADO GOLD PROJECT

## GROWTH OF RESOURCE, RESERVES AND GRADE 2014-2018



Sources: ASX/TSXV Press Releases 29th July 2014, 23rd February 2015, 1st August 2016, 20th February 2017, 30th October 2017 and 22 June 2018

# MINERAL RESOURCES AND ORE RESERVES

## SANBRADO GOLD PROJECT MINERAL RESOURCES | June 2018

Deposit		Cutoff (Au g/t)	INDICATED RESOURCES			INFERRED RESOURCES		
			Tonnes	Grade (Au g/t)	Au Oz	Tonnes	Grade (Au g/t)	Au Oz
M1 South	O/P <120m	0.5	800,000	6.6	170,000	50,000	4.8	10,000
	U/G >120m	3.0	750,000	25.5	620,000	250,000	7.6	60,000
	Total	Combined	1,550,000	15.9	780,000	300,000	6.9	70,000
M5	O/P	0.5	37,150,000	1.3	1,510,000	12,800,000	1.1	450,000
M1 North	O/P	0.5	750,000	2.0	50,000	500,000	2.0	30,000
M3	O/P	0.5	150,000	2.0	10,000	200,000	1.5	10,000
<b>Total</b>			<b>39,600,000</b>	<b>1.8</b>	<b>2,350,100</b>	<b>13,850,000</b>	<b>1.2</b>	<b>550,000</b>

## SANBRADO GOLD PROJECT ORE RESERVES | June 2018

PROBABLE ORE RESERVES			
Deposit	Tonnes (Kt)	Grade (Au g/t)	Au (Koz)
M1 South UG	1,473	11.7	553
M1 South OP	709	6.9	156
M5 OP	16,391	1.5	797
OP Other	1,813	1.1	67
<b>Total</b>	<b>20,386</b>	<b>2.4</b>	<b>1,573</b>

# West African Resources Ltd – ASX / TSXV: WAF



[www.westafricanresources.com](http://www.westafricanresources.com)