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WEEKLY RESOURCE REPORT by Gavin Wendt

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West African Resources (WAF) – Maintain Spec Buy around $0.11

West African gold explorer that has just successfully completed the takeover of TSX-V-listed junior company Channel Resources, a move that significantly enhances WAF's near-term production prospects.

Corporate Details

Status*:* Advanced Explorer

Size: Small Cap

Commodity Exposure: Gold

Share Price: $0.11

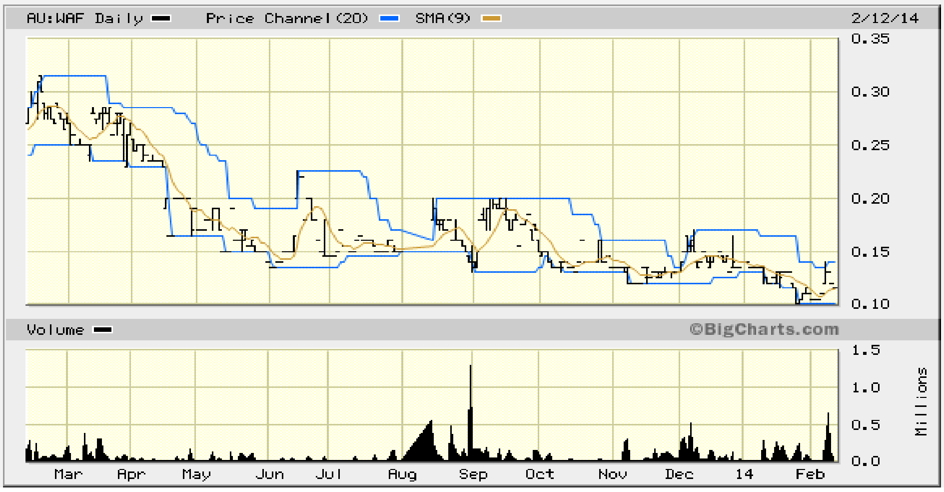
52-week Range: $0.10 - $0.315

Shares: 247m, Options: 25m

Top 20: 70%

Cash Position: $2.1m

Market Value: $27m



Key Parameters	Rating (✓out of 5)	Quarterly Statistics
Management Quality	✓✓✓✓✓	Q4 2013 Exploration Spend: $1.18m
Financial Security	✓✓✓✓	Q4 2013 Admin Spend: $0.226m
Project Quality	✓✓✓✓✓	Exploration Spend 84%, Admin Spend 16%
Exploration / Resource Potential	✓✓✓✓✓	Q1 2014 Forecast Exploration Spend: $0.65m
Project Risk	✓✓✓✓✓	Q1 2014 Forecast Admin Spend: $0.175m

West African Resources is a highly-credentialed gold exploration play that was introduced to our Portfolio during February 2011 with a Spec Buy recommendation around $0.38. During August 2012 we took advantage of market weakness to purchase additional stock around $0.175 and again during January 2013 around $0.13. The company has managed to identify consistently wide zones of potentially commercial copper-gold mineralization from its Sartenga prospect within its Boulsa project in Burkina Faso.

One of the company's biggest strengths is its dedicated and highly-experienced exploration team, which boasts a long-established operational association with Africa. Over the past decade there were a plethora of junior companies that have jumped aboard the West African bandwagon, driven predominantly by broker and speculative hype. West African Resources isn't such a company – its Managing Director Richard Hyde has a strong operational track record in West Africa and understands its enduring attraction.

The company has operated within Burkina Faso since 2007, allowing it to assemble a portfolio of high-quality, large-scale gold prospects that rank it as the largest ASX-listed acreage holder within the country. The company's Boulsa Gold Project encompasses a massive 6,370 sq km landholding, which in turn hosts a whopping 200km strike length of prospective early-Proterozoic Birimian greenstone belts. The company has recently taken significant steps to accelerate its thrust towards near-term production status.

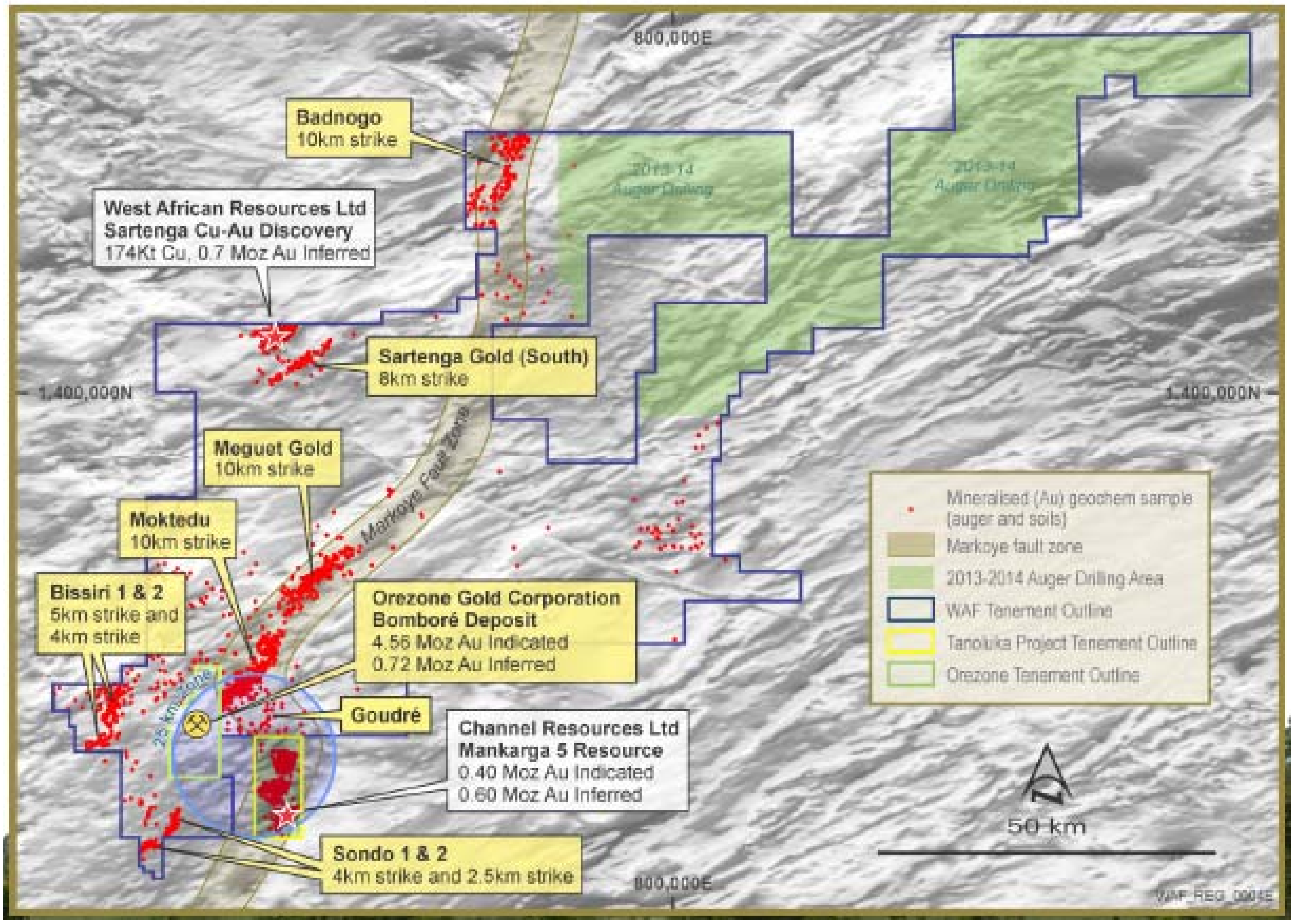
Recent Activity

The company has recently completed the acquisition of 100% of Channel Resources Ltd (formerly TSX.V: CHU). As consideration, WAF issued 32,036,754 ordinary shares and 14,918,508 three-year share purchase warrants exercisable at A$0.40 per share to Channel shareholders. In addition, WAF issued 1,365,000 share purchase options in exchange for Channel options, and its shares and warrants are now tradable on the TSX Venture Exchange.

Takeover Rationale

WAF entered into a scrip takeover agreement with Channel Resources during H2 2013 on the basis of one WAF share (trading at $0.16 prior to offer announcement) for every four Channel shares held (trading at $0.02 prior to offer announcement), valuing Channel Resources at $4.8 million. Channel shareholders now maintain a stake of around 14% in the enlarged WAF.

The strategy behind the takeover involves both regional consolidation and acceleration towards production status. Channel was an attractive acquisition due to its prospective acreage position and undervalued status. Channel's Tanlouka Project borders WAF's Boulsa Project and lies within 10km of advanced exploration targets within WAF's Moktedu gold prospect.



The map above shows the consolidated picture as far as both companies' acreage is concerned.

Channel's Tanlouka Project has been its primary focus and it has advanced rapidly from its initial discovery during 2010 to a maiden resource publication during 2012 for the Mankarga 5 target. The Indicated and Inferred Resource base at Mankarga 5 comprises 30.8Mt at 1.0g/t Au for 1.0Moz Au (0.5g/t Au cut-off), which includes 10.8Mt at 1.6g/t Au for 0.54Moz Au (1.0g/t Au cut-off).

Channel Resources Ltd Mankarga 5 Mineral Resource July 2012					
Class	Rock Type	Cut-off Grade	Quantity	Grade	Contained Gold
		(g/t Au)	(tonnes)	(g/t Au)	(ounces)
Indicated	Oxide	0.18	2,252,000	0.89	64,000
	Sulphide	0.27	11,814,000	0.95	361,000
		Total	**14,066,000**	**0.94**	**425,000**
Inferred	Oxide	0.18	6,933,000	0.78	174,000
	Sulphide	0.27	22,140,000	0.78	555,000
		Total	**29,073,000**	**0.78**	**729,000**

This incorporates an Inferred and Indicated Oxide Resource of 6.3Mt at 1.0g/t Au for 0.20Moz (0.5g/t Au cut-off) from surface to ~50 metres depth. WAF announced just a few months back its maiden Inferred Mineral Resource for its nearby Sartenga deposit, comprising 70 million tonnes at 0.2% copper, 0.3 g/t gold, 166 g/t molybdenum and 1.1 g/t silver – hosting 174,000t of copper and 700,000 oz of gold.

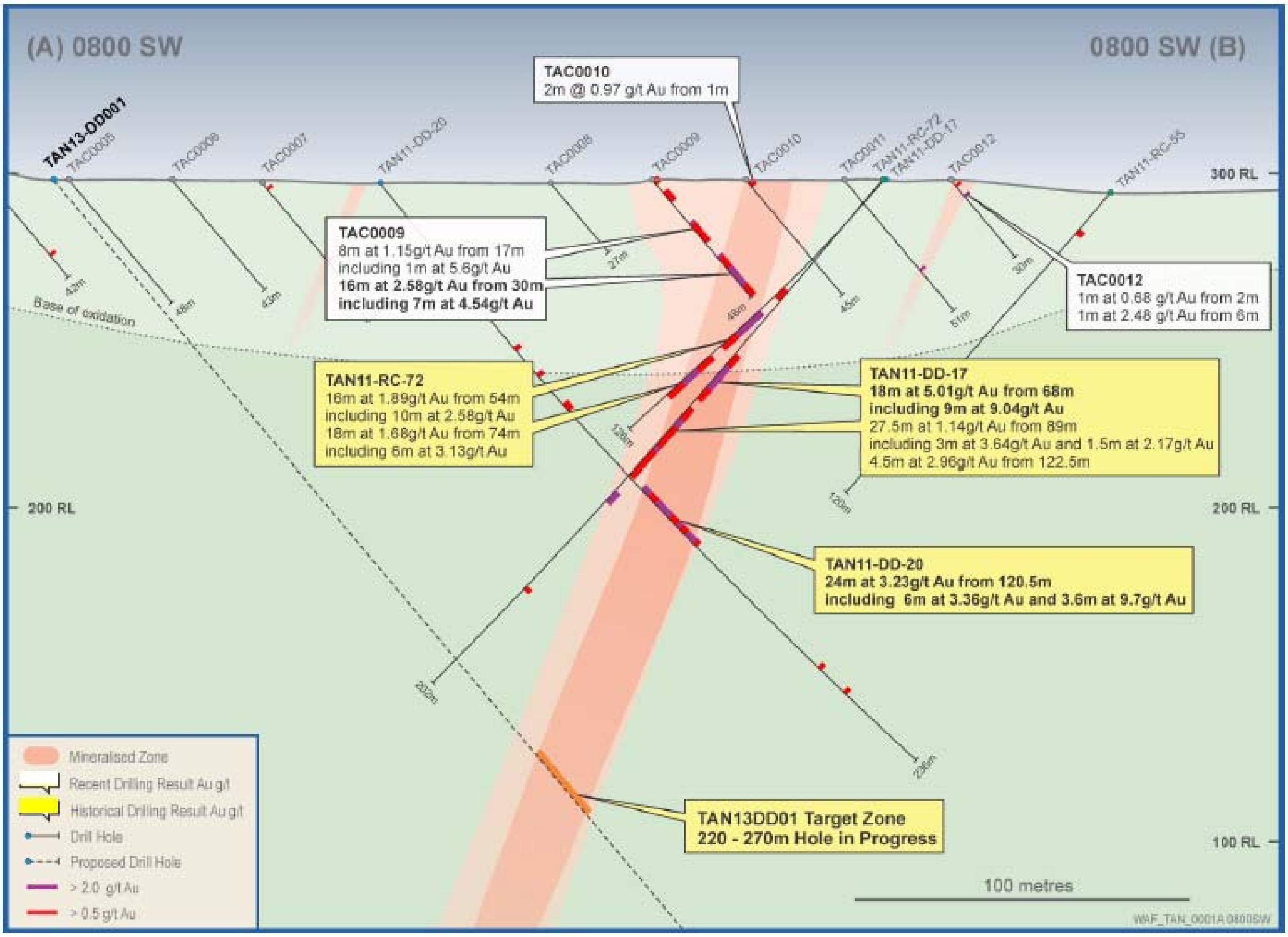
Encouraging Initial Results

WAF has reported encouraging initial gold results from its first 7,500-metre RC and diamond-core drilling program at the recently-acquired Mankarga 5 Deposit in Burkina Faso. The results have confirmed continuity of strong mineralisation from depth into the oxide zone. Strong oxide gold results been returned from shallow RC drilling on Section SW800, located at the south-western limit of the Mankarga 5 resource area.

Significant results include TAC0009: 2 metres at 1.08g/t Au from surface; TAC0009: 8 metres at 1.15g/t Au from 17 metres (including 1 metre at 5.6g/t Au); and TAC0009: 16 metres at 2.58g/t Au from 30 metres (including 7m at 4.54g/t Au ending in mineralization).

WAF's programs have been tailored to improve the oxide and transitional components of the deposit and to better define the orientation of high-grade mineralization. This work will in turn lead to resource update studies towards the end of Q1 2014. The company's geologists are currently re-logging key drill-holes as part of this process.

The combination of the results of the work programs will enable the completion of a Preliminary Economic Analysis (PEA) or Scoping Study during H1 2014. In addition, the company's technical team is currently preparing a more detailed timeline of key deliverables over the next 12 months.



Channel Resources' Tanlouka Project was its primary focus and it rapidly advanced it from initial discovery during 2010 to the publication during 2012 of a maiden resource estimate for the Mankarga 5 target. The Indicated and Inferred Resources at Mankarga 5 comprise 30.8Mt at 1.0g/t Au for 1.0Moz Au (0.5g/t Au cut-off), which includes 10.8Mt at 1.6g/t Au for 0.54Moz Au (1.0g/t Au cut-off).

Boulsa Project

The company's Boulsa Project is situated within central Burkina Faso's Manga-Sebba belt, a prolific geological structure that plays host to numerous gold deposits. Work by the company has so far tested 30km strike length of highly-prospective Birimian greenstone belts in the southwest portion of the Boulsa project area, but this represents just 15% of the overall prospective strike extent. This work has so far identified 25 robust exploration targets.

In terms of the regional context, the southwest corner of the Boulsa Project area lies immediately adjacent to the 3.5Moz Au Bombore deposit, whilst the belt also extends into Niger where it hosts the 2.0Moz Au Samira Hill mine. The project is also bisected from southwest to northeast by the Markoye Fault, which is a major crustal-scale shear zone that's associated with a number of gold deposits, including the 1.7Moz Taparko-Bouroum deposit, the 5.3Moz Essakane deposit and the 2.65Moz Kiaka deposit. The company therefore boasts one of the most prospective exploration addresses in all of West Africa.

Sartenga Resource Base

The Sartenga maiden Inferred Mineral Resource estimate contains 174,000 tonnes of copper, 651,000 ounces of gold, 11,000 tonnes of molybdenum and 2.5 million ounces of silver. The maiden Inferred Mineral Resource, independently calculated by Ravensgate Mineral Industry Resource Consultants (Ravensgate), comprises 70 million tonnes at 0.2% copper, 0.3 g/t gold, 166 g/t molybdenum and 1.1 g/t silver.

Sartenga Inferred Mineral Resource - June 2013 (0.45% Copper Equivalent cut-off grade)										
		Grade				Contained Metal				
Zone	Tonnes (Mt)	Cu %	Au g/t	Mo g/t	Ag g/t	Copper (Kt)	Gold (Koz)	Molybdenum (Kt)	Silver (Koz)	Copper Eq* (Kt)
Oxide	13.5	0.3	0.3	87	1.1	44	112	1	470	-
Trans	4.0	0.3	0.4	65	1.0	11	48	-	124	24
Fresh	52.8	0.2	0.3	194	1.1	119	491	10	1868	292
Total	70.4	0.2	0.3	166	1.1	174	651	11	2,463	316

Key Aspects of the Sartenga Project

- High flotation recoveries of 95% for copper and gold in primary material
- Bornite-dominant sulphide system; potential to create a high-grade copper-gold concentrate
- Soft primary ore (BBMWI 10kwh/t), which translates into lower potential milling costs
- Favourable mineralisation geometry, which means a low indicative stripping ratio
- Higher-grade zone within the core of the deposit that measures at least 800 metres in length
- New gold zone located 4km to the south, including intercepts of 20m at 2.52g/t Au from 36m
- Abundant infrastructure available, including rail to port less than 40km from the project.

Summary

West African Resources represents a hugely attractive advanced exploration/emerging production play. It is highly leveraged to success through its 100%-owned Boulsa Project, which contains multiple high-quality prospects situated within a stone's throw of major multi-million ounce gold discoveries. The release of the company's maiden JORC-compliant resource estimate during mid 2013 was an important milestone, followed by the recently completed takeover of Channel Resources. Both developments have advanced the company's progress towards production status.

Encouragingly, the company is maintaining strong activity at a time when many West African plays have gone off the boil or fallen completely off investors' radar screens. The initial drilling results from Mankarga 5 justify the company's confidence in a near-term, low-cost, heap-leach operation. We also believe that the company is becoming a more attractive potential corporate target. Accordingly, we maintain our Spec Buy recommendation on West African Resources around $0.11.

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MineLife Portfolio: Please refer to our Portfolio page for a full listing of all our stocks held, including purchase prices and dates.