

ASX Announcement

29 January 2021

31 December 2020 Quarterly Report

African Gold to acquire high grade brownfields gold project in Cote d'Ivoire

Funded to commence drilling early 2021 on Didievi, Walia, Falemé and Sitakili projects in Côte d'Ivoire and Mali

HIGHLIGHTS

- **African Gold to earn into Kouroufaba Project - large landholding ~1,534km² in highly prospective underexplored Birimian greenstone belts in Côte d'Ivoire**
 - Didievi Project (391km²) is located within emerging Oume-Fetekro Birimian greenstone belt and surrounded by existing multimillion ounce deposits and process plants
 - Blaffo Gueto Prospect - significant, large, high grade, mineralised system. Historical intercepts include:
 - 83.3 m at 3.3g/t Au from 166.9 m incl. 18.0 m at 12.0g/t Au
 - 89.0 m at 3.0g/t Au from 0 m incl. 23.0m at 9.5g/t Au
 - 43.0 m at 4.3g/t Au from 57 m incl. 17.0 m at 9.5g/t Au
 - 69.0 m at 2.9g/t Au from 31 m incl. 37.0 m at 4.9g/t Au
 - 37.0 m at 7.7g/t Au from 42 m incl. 24 m at 11.0g/t Au
 - Previous regional work has defined a number of high-quality walk-up drill targets with only 2 prospects of 9 drill tested
 - Kohahiri N & S and Koyekro applications have an excellent address, prospective for gold, on significant structures with large conceptual targets and completely under explored
 - Kouroufaba adds to and complements the Company's already impressive portfolio of strategically located permits capable of delivering multi-million ounce deposits in proven belts
- Preparations underway to re-commence field work in Q1 2021 with a view to drilling at Didievi, Faleme, Walia and Sitakili during the quarter – CEO and Exploration Manager now in-country to oversee work

Corporate Highlights

- Highly credentialed technical executives, Simon Bolster and Peter Williams, to join Board to complement existing technical team - both credited with finding multiple multi-million ounce gold projects in West Africa
- Tranche 1 placement raising approximately \$900,000 (before costs) and fully underwritten rights issue raise approximately \$1 million (before costs) completed at \$0.10 per share

The Board of African Gold Ltd (“**African Gold**” or the “**Company**”) (ASX: A1G) is pleased to provide an update on the quarter ended 31 December 2020.

KOUROUFABA GOLD ACQUISITION

As announced on 27 November 2020, the Company has entered into an option agreement to acquire 80% of Kouroufaba Gold¹. This acquisition gives access to Kouroufaba Gold’s strategic land holding in Central Côte d’Ivoire consisting of the Didievi granted permit and 3 permit applications totaling 1,534km² of prospective tenure over proven Birimian greenstone belts (see Figure 1). For full details of the acquisition terms, see ASX announcement dated 27 November 2020.

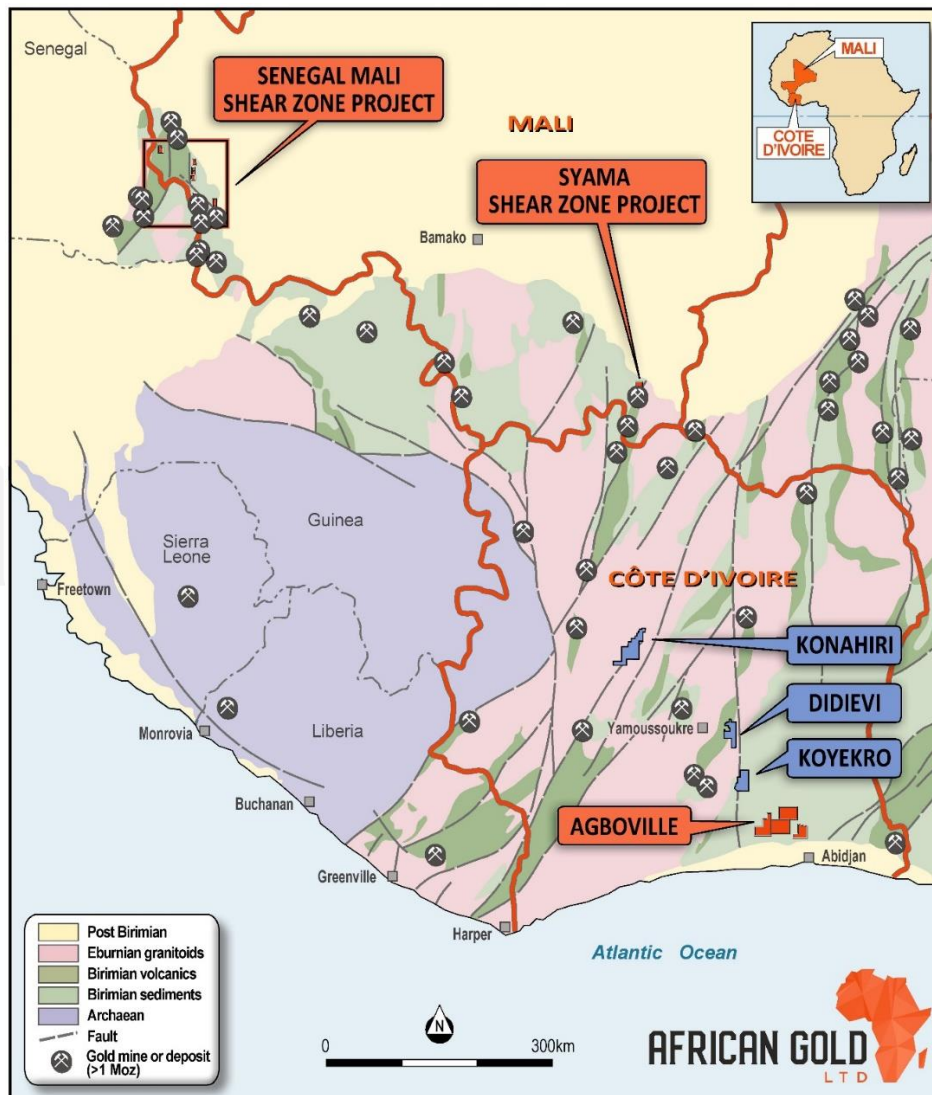


Figure 1: African Gold Permits and projects in west Africa on simplified geology with major deposits. The Kouroufaba acquisition in Côte d’Ivoire is denoted in blue.

DIDIEVI PROJECT

The Didievi Project (391km²) is located within the underexplored and emerging Oume-Fetekro Birimian greenstone belt. The belt hosts Allied Gold's Bonikro/Hire (+3Moz)² and Endeavor's Agbaou (+1Moz)³ gold mines to the south and the recent Fetekro discovery (+2.5Moz)⁴ announced by Endeavour Mining to the north.

This strategic project straddles a major structure in a belt with all the selection criteria required for multiple large gold deposits. Past work on the property has considerably de-risked the discovery process.

Historical exploration on the permit has delineated one significant gold system at Blaffo Guetto and seven untested advanced gold prospects. The project presents both brown and greenfields opportunities with significant potential (see Figures 2 and 3).

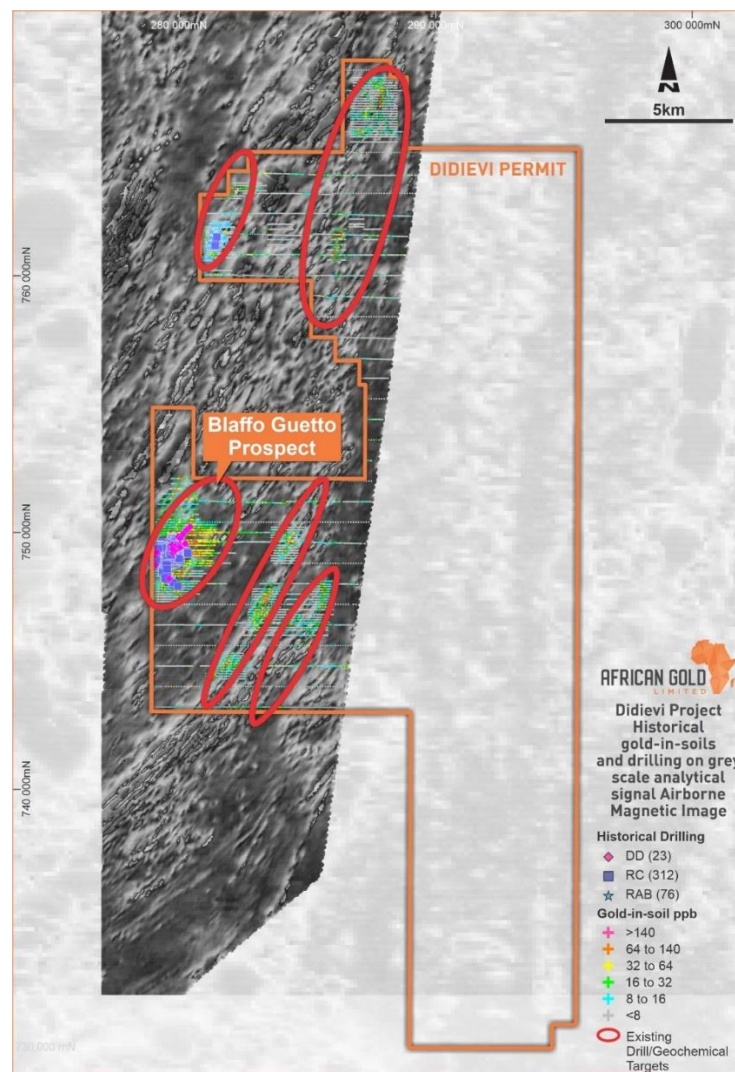


Figure 2: Didievi Project showing thematically mapped gold in soils, location of drilling and first pass targets on analytical signal magnetic image.

Two historical discoveries have been made on the tenement, Blaffo Gueto and Pranoi. From 2008, work focused almost entirely on the Blaffo Gueto Prospect. Work at Blaffo Gueto delineated a significant structurally controlled gold system characterised by intense alteration and broad, high-grade gold intercepts. Mineralisation is complex, probably long lived and multi episodic, located in different structural settings and hosted by a variety of lithological units. Gold mineralisation is typically associated with sericite-albite-carbonate-quartz/silica-pyrite-pyrrhotite \pm chlcopyrite \pm arsenopyrite \pm Fe(Ti) oxide alteration assemblages. Host rock are typically strongly altered and deformed. Gold mineralised occurs over very wide intervals (+200m across strike in the main zone) and return some spectacular intercepts, including:

- DDD001: 83.3 m at 3.3g/t Au from 166.9 m incl. 18.0 m at 12g/t Au
- DDD013: 89.0 m at 3.0g/t Au from 0 m incl. 23.0 m at 9.5g/t Au
- DRC130: 43.0 m at 4.3g/t Au from 57 m incl. 17.0 m at 9.5g/t Au
- DRC138: 69.0 m at 2.9g/t Au from 31 m incl. 37.0 m at 4.9g/t Au
- DRC208: 37.0 m at 7.7g/t Au from 42 m incl. 24 m at 11.0g/t Au

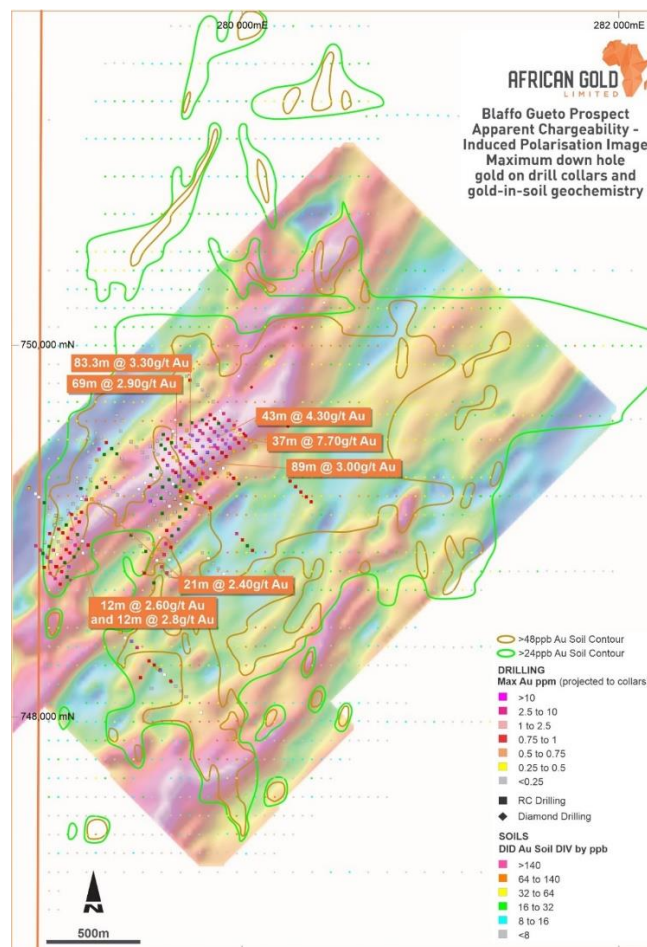


Figure 3: Didievi Project – Blaffo Gueto Prospect showing gold-in-soil, maximum downhole gold projected to drill collars on apparent resistivity induced polarization image.

Two main gold zones, BG Main and BG South West have been delineated to date, both strike roughly NNE and while anastomosing both are seemingly, sub-vertical to very steeply SE dipping with a suspected steep NE plunge component to the high-grade core. Within the BG main zone (+600m strike x 200m wide) there are two main subparallel NE trending high-grade gold zones with the potential for high-grade EW linking structures. While some excellent work has been done by Equigold this was almost entirely focused on Blaffo Gueto Prospect and on the high-grade portion of the deposit. Geometry, structural controls and gold paragenesis of gold mineralisation are still poorly understood.

BG Main is essentially open along strike and down dip. Significant mineralisation and alteration located within a number of holes between BG Main and BG South West remains unexplained and open in all directions (DDH03 88m at 1g/t incl. 12m at 2.6g/t and 12m @ 2.8g/t) and DRC124 (63m at 1.06g/t incl. 21m @ 2.4g/t Au).

In the near vicinity of the Blaffo Gueto Prospect are a number of historically notable drill intercepts (with respect to grade, structure and alteration) outside the two main zones that have yet to be followed up and are open along strike and at depth. Intercepts often have high-grade cores with supporting mineralisation. The two most obvious targets, BG South, a single traverse DRC205 15.0m at 1.6g/t Au from 61.0m, and BG South East, two traverses of 4 and 5 RC holes each drilled 400m apart with no drilling along strike to the NE, returned very broad moderate grade anomalism in the majority of holes on both sections. There are multiple walk up drill targets both within the Blaffo Gueto prospect itself, as well as in the near prospect environment.

At Pranoi, historical drilling returned impressive shallow broad RAB intercepts of 12m @ 5.60g/t Au from 24m; 15.0m @ 1.74g/t Au from 0m; 11.0m @ 1.38g/t Au from 21m and 8.0m @ 4.35g/t Au from 0m when followed up by RC returned 13.0m @ 2.65g/t Au from 8m; 3.0m @ 3.40g/t Au from 11m & 10m @ 1.33g/t from 41m in the same hole. The geometry and source of shallow mineralisation remains enigmatic and is not properly understood and will require additional targeted drilling in the next field season.

KONAHIRI AND KOYEKRO APPLICATIONS

The Konahiri North and South Applications (391km² and 354km² respectively) are located in the central portion of the NNW trending Kotiola Marabadrassa Birimian Greenstone Belt in central Côte d'Ivoire (Figure 1). The belt hosts Teranga's +4Moz Wahgnion Operation⁵ to the north in Burkina Faso and Tietto's 3Moz Abujar deposit⁶ to the south. The Konahiri portion of the belt is unexplored. Geology is believed to be largely underlain by deformed mafic and intermediate meta volcanic, meta sediment and intrusive units. There is a major belt scale structure are a number of associated artisanal gold deposits within and adjacent to the permits. Once granted the permit will be mapped and quickly and efficiently screened by stream sediment sampling.

The Koyekro Application (398km²) is located near the western margin of the Haute Comoé Basin in south central Côte d'Ivoire. There is little evidence of historical work in the area. Regional mapping suggests that the area is underlain mostly by meta-sediments with a number of internal intrusive bodies. The western greenstone – basement contact is dominated by a major shear zone. Of interest are a number of alluvial gold deposits in rivers draining this contact. Once granted the permit will be mapped and quickly and efficiently screened by stream sediment sampling.

All three applications cover prospective areas and represent exciting greenfields exploration opportunities in proven areas.

AGBOVILLE PROJECT - CÔTE D'IVOIRE

The Agboville Project (1,400km²) is located in the south east of the West African Craton, in an area referred to as the South-Comoé domain, part of what is referred to as the Birimian (Paleoproterozoic rocks of West Africa). This property is well located and considered to be very prospective for gold. It is also considered to have potential for nickel, cobalt, copper, lithium, tantalum, niobium and beryllium.

While no field work was completed during the quarter due to the wet season, work to date has identified mineralisation in a number of holes that suggest a fertile structure capable of hosting economic mineralisation. Width and grades of intercepts are considered encouraging and suggest a large gold system. Due to the large target size, the Company intends to build on the geological understanding to prioritize exploration and geophysical techniques to vector in on the most prospective part of the system for follow up drill testing.

KEDOUGOU-KENIEBA INLIER & SYAMA SHEAR ZONE PROJECTS - MALI

African Gold controls 10 permits in Mali. Eight of the nine permits (346km²) are located within the prolific gold producing Kedougou Kenieba Inlier (KKI) in West Mali (Figure 4). All, except one, of the west Mali permits are located on, or within, the hanging wall of the Senegal Mali Shear Zone (SMSZ). The tenth permit in Mali, Golonkasso, (100km²) is located along strike from the Syama Gold Mine in southern Mali. Golonkasso is broadly situated on the northern extension of the Syama Gold Belt and Syama Shear Zone, which controls a number of significant gold deposits.

Due to the wet season, no field work was conducted during the quarter. Planning for the current quarter was progressed and field work, including drilling, is planned for 2021. African Gold CEO and Exploration Manager, Glen Edwards, has travelled to West Africa to oversee the work programs.

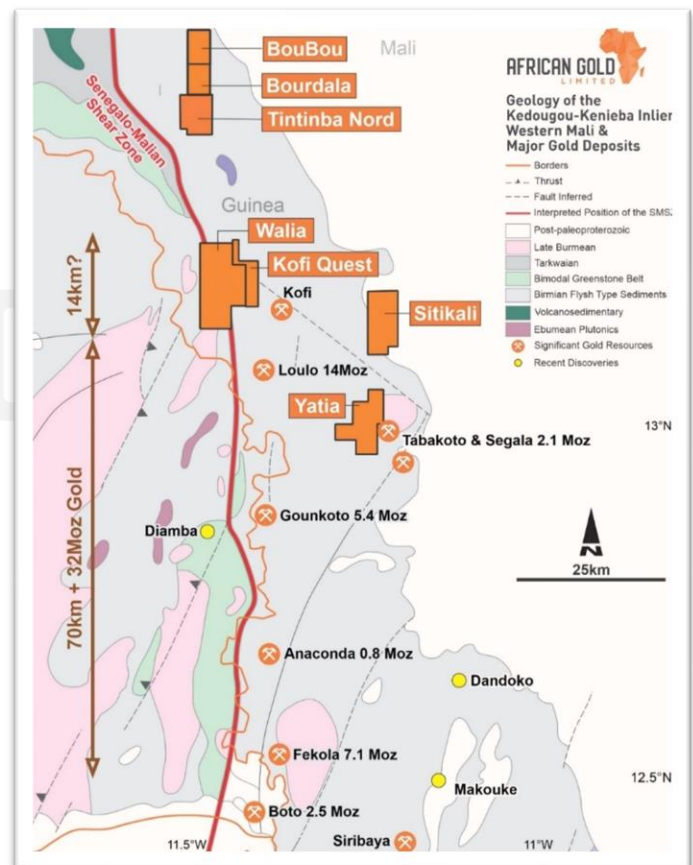


Figure 4: African Gold's projects within the prolific Kedougou – Kenieba Inlier in western Mali. Majority of permits located in the immediate hanging wall to the Senegal Mali Shear Zone.

CORPORATE

As at 31 December 2020, the Company held \$1.47 million in cash (30 September 2020: \$255k). Refer to the Appendix 5B for principal movements in cash for the quarter.

During the quarter, the Company completed tranche one of a placement to raise approximately \$900k (before costs) via the issue of 8,975,294 ordinary shares at an issue price of \$0.10 each. The Company also completed a 1 for 6 fully underwritten pro rata non-renounceable entitlement offer to raise approximately \$1.0 million (before costs). The entitlement offer was strongly supported by eligible shareholders with an 85% take up rate of entitlements by those eligible.

The Company will hold a General Meeting on 5 February 2021 whereby, subject to shareholder approval, tranche 2 of the placement will raise an additional \$800k (before costs) via the issue of 8,024,706 ordinary shares at a price of \$0.10 each.

As part of the Kouroufaba Gold acquisition, Mr Peter Williams and Mr Simon Bolster will join the Board of African Gold as non-executive directors following the Company's upcoming General Meeting. Both Mr Williams and Mr Bolster have a well-established West African network and an impressive track record of discoveries in Birimian Greenstone Belts, with involvement in the discovery of multiple multi-million ounce gold deposits across West Africa.

APPENDIX 5B DISCLOSURES

In line with obligations under ASX Listing Rule 5.3.5, African Gold notes that the payments to related parties of the Company, as advised in the Appendix 5B (Quarterly Cashflow Report) for the period ended 31 December 2020, pertain to director fees, salaries and wages (including superannuation) and serviced office rent paid during the quarter ended 31 December 2020.

During the quarter ended 31 December 2020, the Company spent a total of \$100,000 on project and exploration activities. The majority of this expenditure related to planning activities undertaken at the Company's permits, in both Mali and Côte d'Ivoire, in preparation of upcoming drill programs. The expenditure represents direct costs associated with these activities as well as capitalised wages which can be directly attributable to the exploration activities. The Company also made an option payment in cash, totaling \$54,000, on the Walia Permit.

This announcement has been authorised for release by the Board of African Gold.

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Competent Person's Statements

The information in this report that relates to historical exploration results were initially reported by the Company to ASX on 4 July 2019, 15 August 2019, 5 September 2019, 30 January 2020, 3 February 2020, 5 June 2020 and 27 November 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Notes

1. African Gold Limited ASX Announcement 27 November 2020
<https://www.asx.com.au/asxpdf/20201127/pdf/44qvb34vb3ffmm.pdf>
2. Bonikro, Newcrest - <https://www.asx.com.au/asxpdf/20170213/pdf/43fyl8fjz7sjg4.pdf>
3. Agboau, Endeavour Mining - https://s21.q4cdn.com/954147562/files/doc_downloads/technical_report/Ian-Hamilton-technical-report-agbaou.pdf
4. Fetekro, Endeavour Mining - <https://www.endeavourmining.com/news-releases/press-release-details/2019/Endeavour-Increases-Indicated-Resources-at-Fetekro-by-141-to-12Moz/default.aspx>
5. Wahgnion, Teranga Gold - <https://www.terangagold.com/wahgnion/default.aspx>
6. Abujar, Tietto Minerals – <https://www.asx.com.au/asxpdf/20201026/pdf/44p2dnb1vckd3j.pdf>
7. African Gold Limited ASX Announcement 5 June 2020
<https://www.asx.com.au/asxpdf/20200605/pdf/44jflxnjbzlhhrs.pdf>
8. African Gold Limited ASX Announcement 5 September 2020
<https://www.asx.com.au/asxpdf/20190905/pdf/4487zhrm80ws0w.pdf>
9. African Gold Limited ASX Announcement 3 February 2020
<https://www.asx.com.au/asxpdf/20200203/pdf/44drw9hmpk6hc1.pdf>

Appendix 1

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 2020.

TENEMENT NAME	LOCATION	PERMIT TYPE AND NUMBER	% OF OWNERSHIP
Agboville	Côte d'Ivoire	Permis de recherche (Or) – no. 648	100%
Sikensi	Côte d'Ivoire	Permis de recherche (Or) – no. 649	100%
Azaguie	Côte d'Ivoire	Permis de recherche (Or)	Pending, 100%
Gomon	Côte d'Ivoire	Permis de recherche (Or)	Pending, 100%
Sitakili	Mali	Permie de recherche (Or) 2018/0395	100%
Walia	Mali	Permis de recherche (Or) 2018/4272	95%
Samanafoulou	Mali	Permis de recherche (Or) 2018/3824	100%
Golokasso	Mali	Convention	Pending 100%
Yatia Sud	Mali	Permis de recherche (Or) 2019/4872	100%
Bourdala	Mali	Permit de Recherche (Or) 2018/4485	100% (Subject to option agreement)
BouBou	Mali	Permit de Recherche (Or) 2017/0441	100% (subject to option agreement)
Diokeba Sud	Mali	Permit de Recherche (Or) 2017/2591	100% (subject to option agreement)
Tintinba Nord	Mali	Permit de Recherche (Or) 2018/4534	55%
Kofi Quest	Mali	Permit de Recherche (Or) 2018/1768	100%

The Company notes that no interests were acquired or disposed of during the quarter.

Appendix 2

The following information is provided pursuant to Listing Rule 5.3.4 with respect to its Use of Funds Statement set out in its Prospectus dated 6 December 2018 and its actual expenditure since ASX admission on 13 February 2019.

Expenditure Item	Use of Funds for 2 years To 13-Feb-21	Actual Expenditure (13-Feb-19 to 31-Dec-20)	Variance	Notes
Opening cash	\$200,000	\$91,009	(\$108,991)	
Proceeds from Public Offer	\$4,500,000	\$4,500,000	-	
Other capital raisings	-	\$1,650,896	\$1,650,896	
Total	\$4,700,000	\$6,241,905	\$1,541,905	
Exploration expenditure	\$2,421,000	\$2,189,764	\$231,236	1
Director's fees	\$500,000	\$401,785	\$98,215	2
General and administration fees and working capital	\$1,232,000	\$1,373,107	(\$141,107)	3
Expenses of capital raisings	\$547,000	\$261,269	\$285,731	
Security deposits	-	\$30,000	(\$30,000)	
Project acquisition costs	-	\$645,650	(\$645,650)	
Interest income	-	(\$127,028)	\$127,028	
Total	\$4,700,000	\$4,774,547	(\$74,547)	
Remaining cash		\$1,467,358	\$1,467,358	

Notes:

1. The Company notes that it is currently on track to expend this amount on exploration expenditure.
2. The Company notes that it is currently on track to expend this amount on Director's fees.
3. The Company notes that it is currently ahead of schedule for its general and administration fees and working capital. This is predominantly due to the additional costs incurred in relation to the recent Kouroufaba Gold transaction, including due diligence costs, as well as costs involved with the recent Entitlement Offer undertaken.