

ASX Announcement

30 July 2021

30 June 2021 Quarterly Report

HIGHLIGHTS

- **Completion of a 3,300m Diamond RC drilling program at Didievi in Côte d'Ivoire**
 - Priority targets included follow up of the historical drilling at the 1.4km long Blaffo Gueto prospect with prior intercepts:
 - 89.0m @ 3.0g/t Au from 0m including 23m @ 9.5g/t Au
 - 43.0m @ 4.3g/t Au from 57m including 17, @ 9.5g/t Au
 - 69.0m @ 2.9gt Au from 31m including 37m at 4.9g/t Au
 - 37.7m @ 7.7g.t Au from 42m including 24m @ 11.0g/t Au
 - Additional targets tested included:
 - Pranoi where previous drilling had returned 12m @ 5.6g/t Au form 0m
 - BG Central and BG South West where previous drilling returned 88.0m @ 1.0g/t Au, 12m @ 2.8g/t Au and 63m @ 1.0g/t Au
- **Completion of a 9,338m Auger drilling program and a 2,500 soil sample program at Walia-Kofi Ouest Project in the Kedougou Kenieba Inlier in West Mali**
- Evaluation of prospective targets in areas under thick in-situ and transported ferruginous duricrust known to suppress and eliminate near surface geochemical responses to gold deposits
- The Company is still waiting for final results and will report when all results have been received – expected in mid-August

The Board of African Gold Ltd (“A1G”, the “Company”) (ASX: A1G) is pleased to provide an update on the quarter ended 30 June 2021.

EXPLORATION ACTIVITIES

Didievi Gold Project (Oume – Fetekro Greenstone Belt), Cote d'Ivoire

The Company has completed its maiden drilling program at the recently acquired Didievi Gold Project with a 6-hole diamond drilling program for 1,168m and a 31-hole RC program for 2,132m. Core has been logged and sampled and, together with RC samples, submitted to Bureau Veritas in Abidjan for analysis.

The diamond drill program was designed to test high quality targets at the Blaffo Gueto (**BG**) and Pranoi prospects and to provide geological and geophysical data that will assist with construction of a structurally constrained predictive genetic model for mineralisation. Shallow historical intercepts¹ being targeted include:

- **89.0 m at 3.0g/t Au from 0 m;**
- **43.0 m at 4.3g/t Au from 57 m;**
- **69.0 m at 2.9g/t Au from 31 m; and**
- **37.0 m at 7.7g/t Au from 42 m.**

The RC drill program was designed for a number of purposes including:

- testing along strike potential of the high-grade BG Main Zone to the north east;
- providing information on grade, thickness, continuity and potential plunge of high-grade zones in the BG Main Zone;
- testing down dip and along strike potential of “open/untested” historical RC intercepts at BG Main, Central and South West;
- testing induced polarization geophysical chargeability/resistivity structural targets outside the main BG prospect area; and
- testing a conceptual structural/magnetic target on the flank of an interpreted intrusive to the east of BG prospect.

Holes intersected structurally deformed and altered packages of a variety of sediments with minor intrusive bodies. Alteration included zones of intense sericite-albite-carbonate-quartz/silica-pyrite-pyrrhotite ± chalcopyrite ± arsenopyrite assemblages. Previous work at BG has shown mineralisation to be associated with similar mineral assemblages.

Trenching of 6 of the 9 previously identified robust coherent gold-in-soil-anomalies is well underway and expected to be completed imminently. While incomplete results to date are encouraging, in a number of cases, trenching has exposed altered sediments with mafic and felsic intrusive. Intrusive and contacts to intrusive are characterised by deformed quartz veins with oxides after sulphides.

A soil sampling program designed to provide a preliminary assessment of previous unsampled conceptual targets and to infill previously defined gold-in-soil anomalies has now been completed and samples are being submitted for gold by bulk leach extraction gold (**BLEG**) and portable XRF multi element scans will be performed on sub-samples.

The Company is still waiting for final results and will report when all results have been received.

¹ Refer ASX announcement dated 27 November 2020.

Walia / Kofi Ouest Gold Project (Kedougou-Keneiba Inlier), Mali

A 1,208 hole, wide-spaced (400m x 100m) reconnaissance Auger drill program for a total of 9,338m, designed to provide a first pass assessment of prospective targets in areas under thick in-situ and transported ferruginous duricrust, was completed in May. A concurrent mapping and target defining detailed soil sampling program (200m x 50m) in areas not obscured by alluvial and ferruginous duricrust has also been completed.

All auger samples have been submitted to SGS Bamako for analysis of gold by FA. Portable XRF ME scans will be carried out on pulp rejects. Soil samples will be submitted to BIGS Laboratories Ouagadougou for gold by BLEG analysis and portable XRF multi element scans will be performed on sub-samples.

Mapping of exposed basement in windows to cover has provided valuable insights into the geology. We are highly encouraged by what we see in these rocks in terms of complex and varied lithologies that are similar to those seen hosting deposits in the belt and in particular to the south of the permit as well as intense deformation and pervasive alteration.

The Company is still waiting for final results and will report when all results have been received – expected in mid-August.

During the quarter the Company gave notice to the owner of Diokeba Sud and Tintinba Nord Permits in Mali that it would exit from the agreement as of 3 July 2021. The Company has conducted work on the permits and has concluded that there is insufficient encouragement to continue.

AFRICAN GOLD
LTD



ASX : AIG

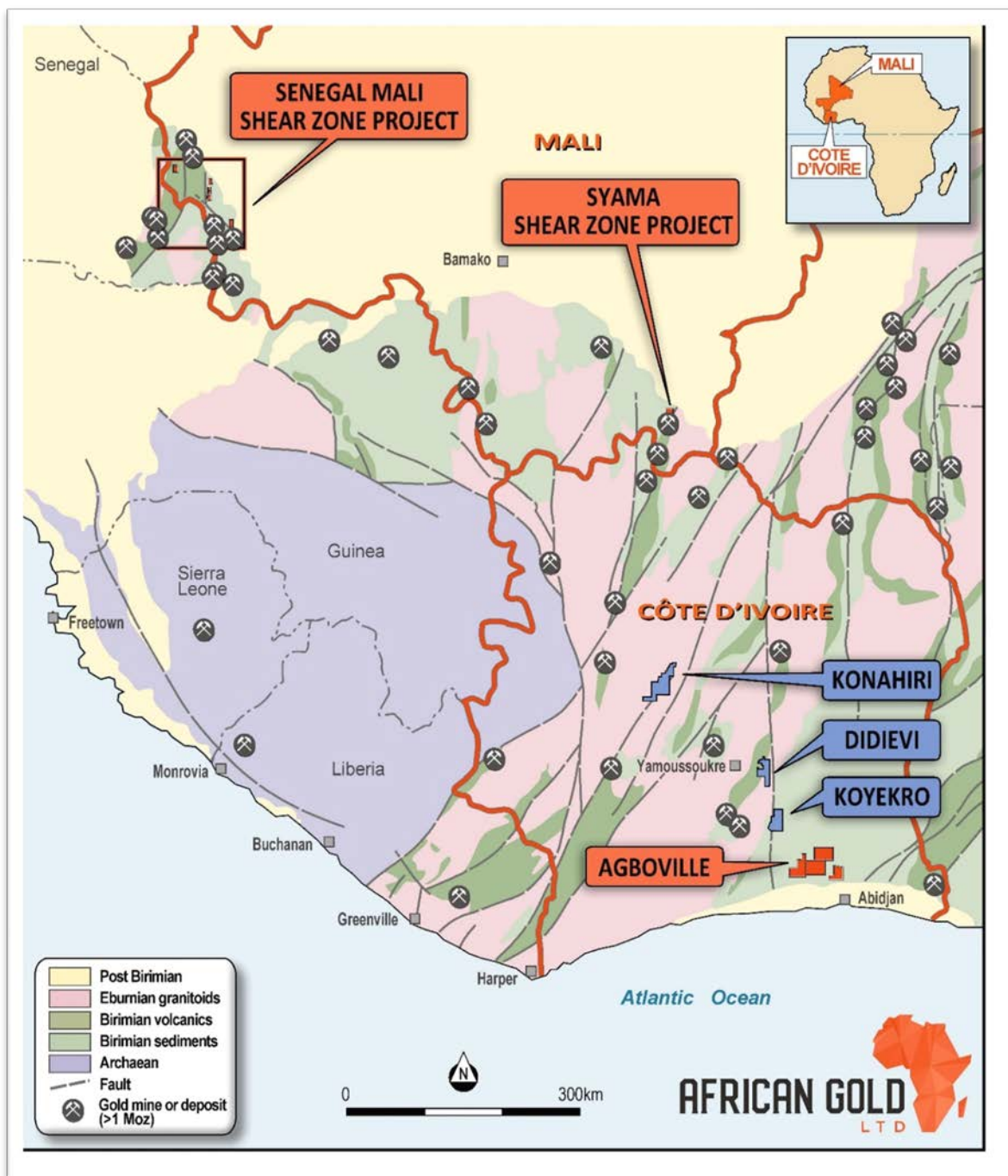


Figure 1: AIG Permits and projects in west Africa on simplified geology with major deposits. Recent Kouroufaba Gold acquisition in Cote d'Ivoire in blue.



ASX : AIG

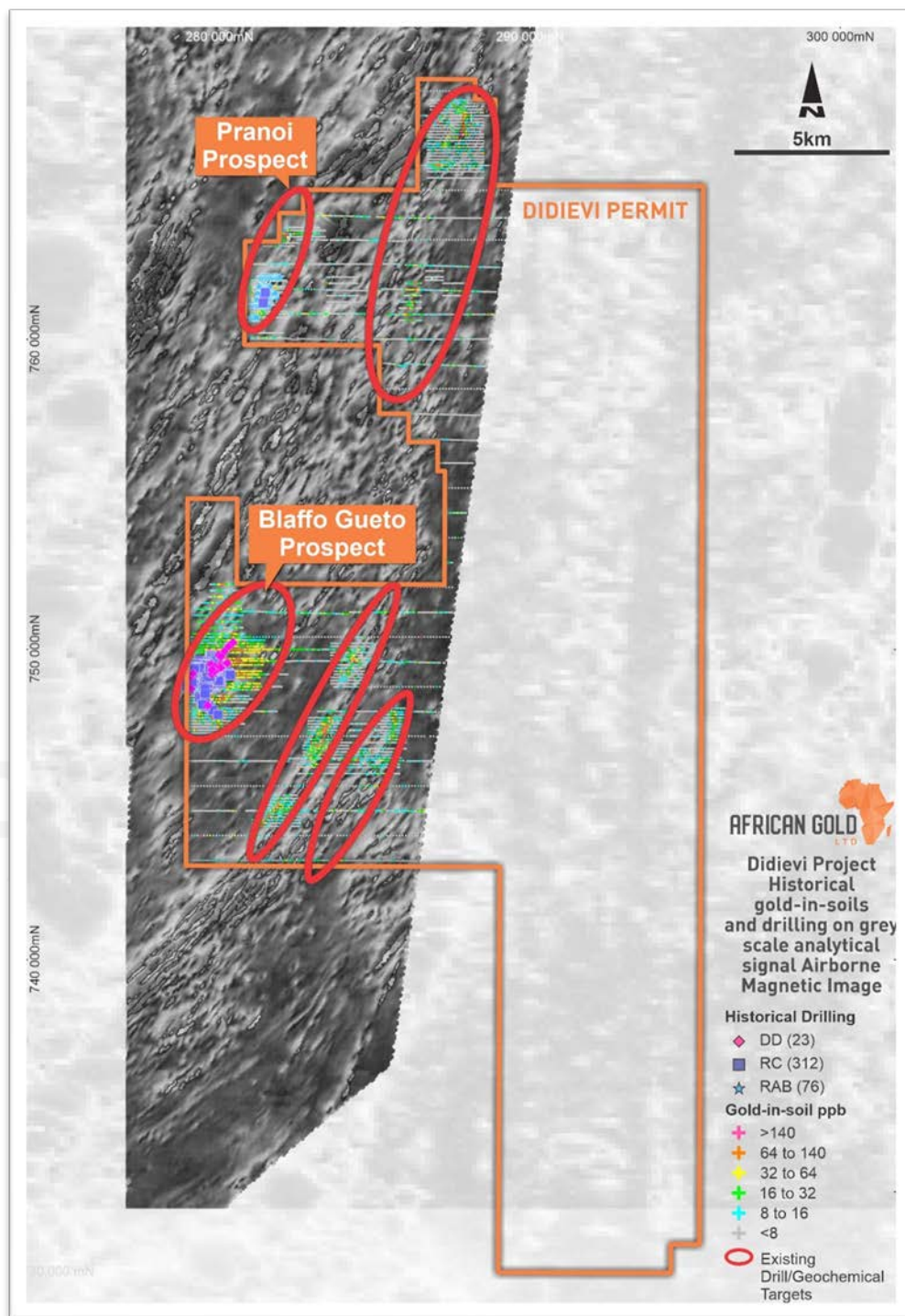


Figure 2: Didievi Project showing thematically mapped gold in soils, location of drilling and first pass targets on analytical signal magnetic image.



ASX : AIG

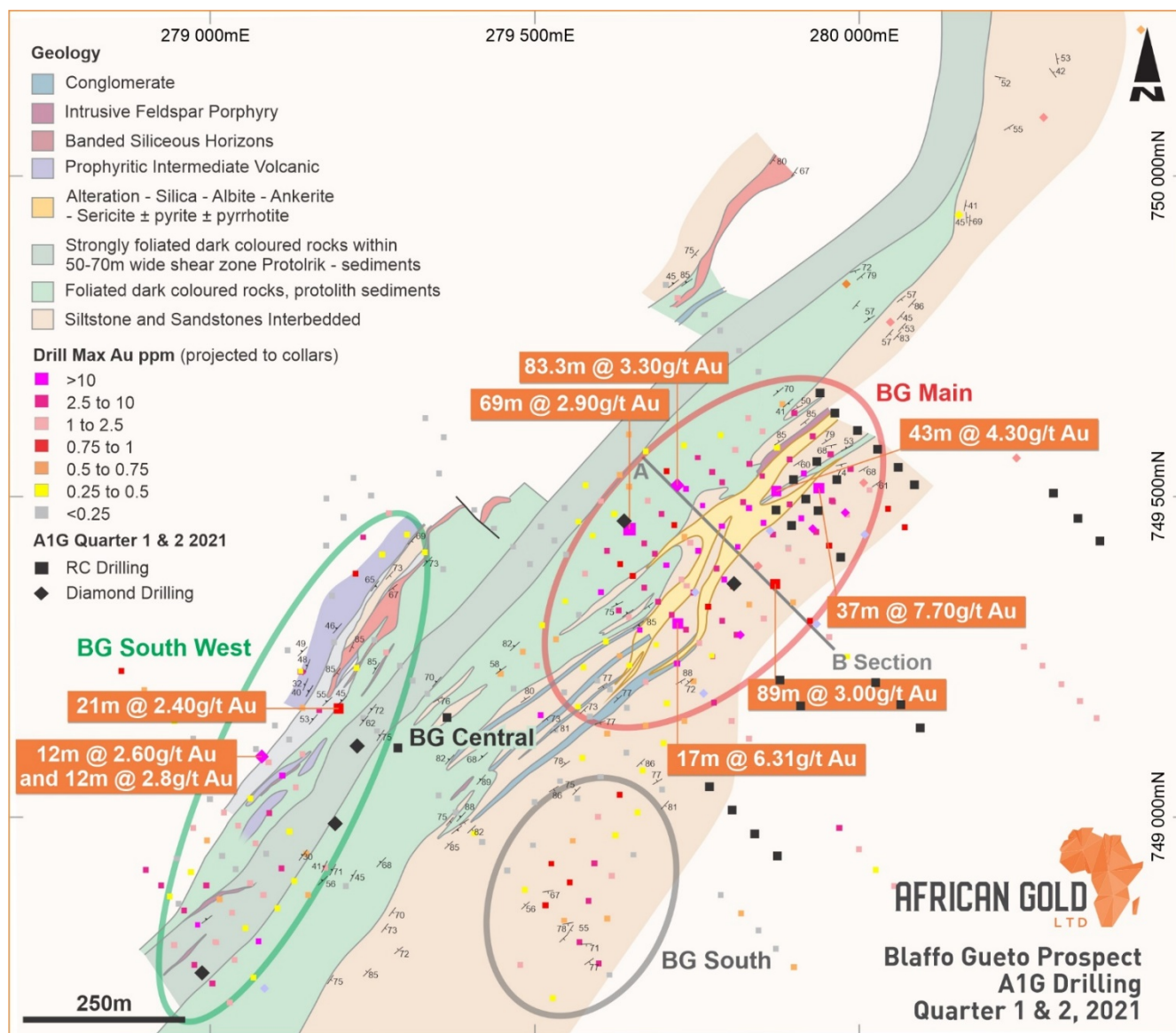


Figure 3: Didievi Project – Blaffo Gueto Prospect showing recent Diamond and RC drilling collars on gold-in-soil, historical maximum downhole gold projected to drill collars on interpreted geology.



ASX : AIG

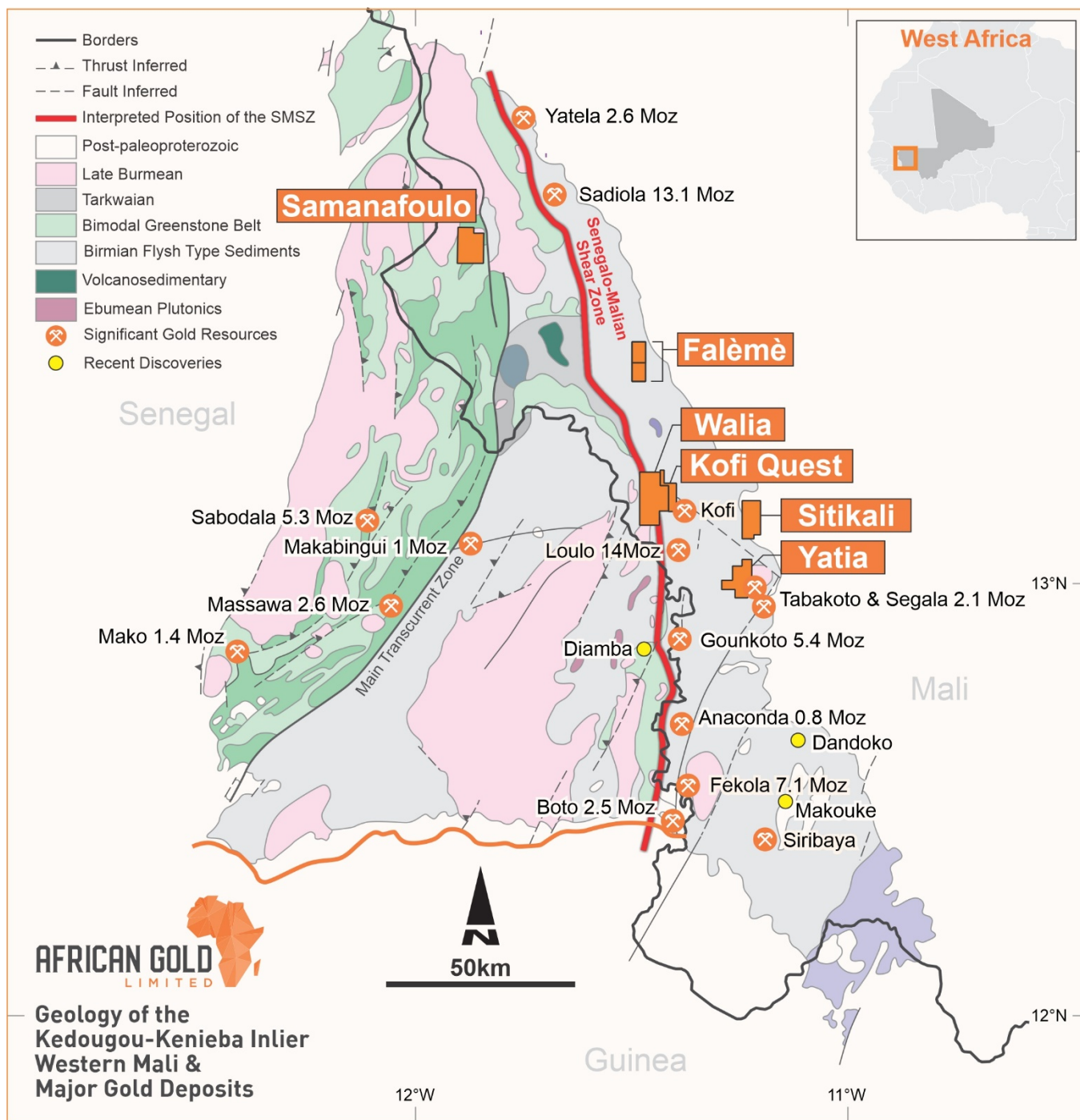


Figure 4: A1G's projects within the prolific Kedougou – Kenieba Inlier in western Mali.



Figure 5: A1G'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.



ASX : AIG

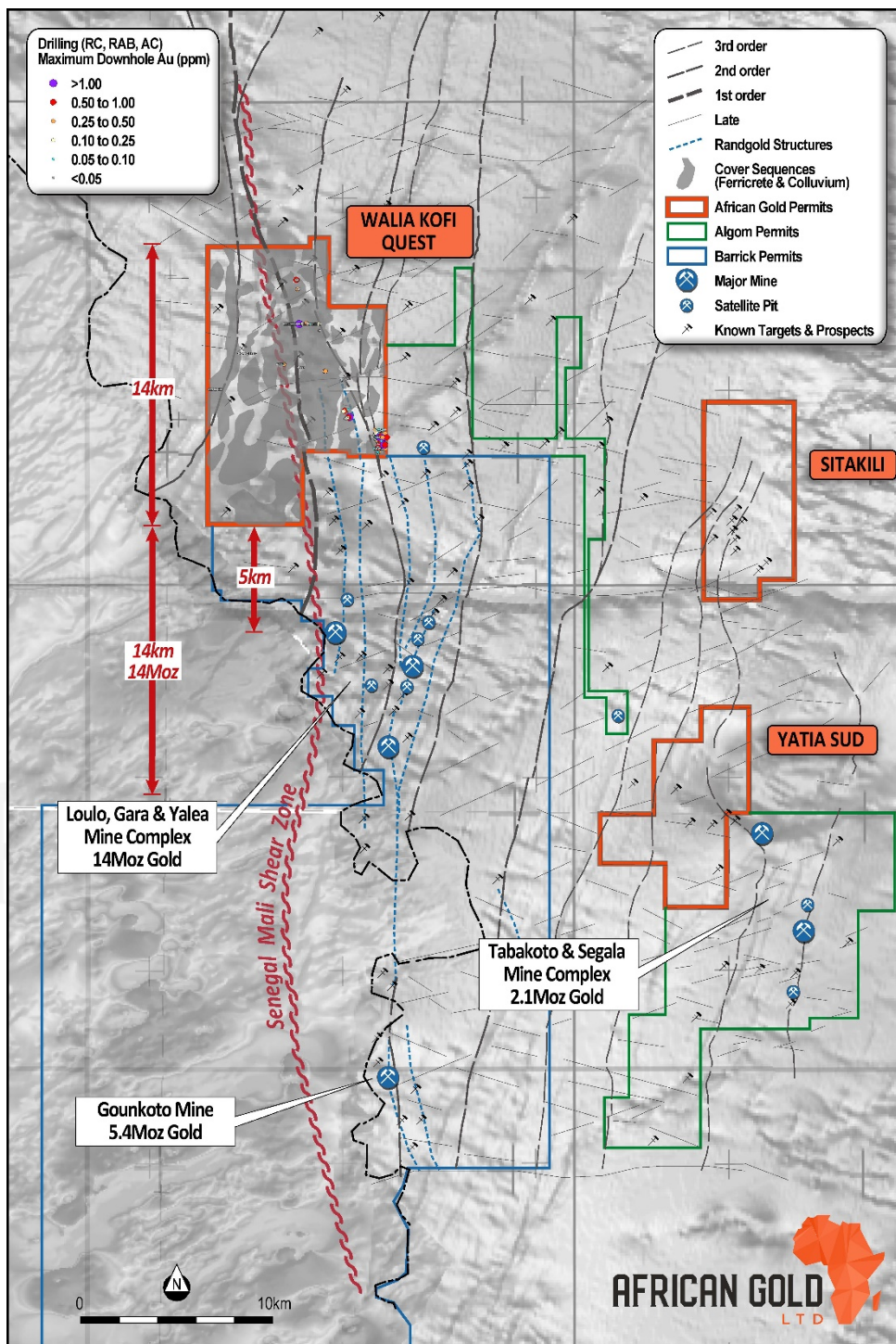


Figure 6: A1G's southern KKI projects, KKI Inlier in western Mali showing, major mines, deposits and prospects together with interpreted structures on grey scale magnetic image. For Walia/Kofi Ouest Project interpreted geology with areas overlain by ferricretes. Also shown is total extent of DD/RC/RB/AC drilling on the licence showing maximum downhole gold grade.

CORPORATE

As at 30 June 2021, the Company held \$0.48 million in cash (31 March 2021: \$1.7 million). Refer to the Appendix 5B for principal movements in cash for the quarter.

During June 2021, the Company advised that it had changed its provider for shareholder registry services from Computershare to Automic.

Should shareholders have any queries in relation to their holding with the Company, please contact Automic at hello@automic.com.au or on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia).

The Company also held its Annual General Meeting on 30 July 2021 with all resolutions being passed on a poll.

APPENDIX 5B DISCLOSURES

In line with obligations under ASX Listing Rule 5.3.5, A1G notes that the payments to related parties of the Company, as advised in the Appendix 5B (Quarterly Cashflow Report) for the period ended 30 June 2021, pertain to director fees, salaries and wages (including superannuation), accounting/bookkeeping/ administration costs, drafting services and serviced office rent paid during the quarter ended 30 June 2021.

During the quarter ended 30 June 2021, the Company spent a total of \$1,002,000 on project and exploration activities and \$50,000 on tenement acquisition costs. The tenement acquisition costs relate to the remaining cash consideration paid for the Kouroufaba Gold acquisition (no further cash consideration is payable). The majority of the project and exploration expenditure relates to 3,300m Diamond RC drilling program completed at Didievi in Côte d'Ivoire and the 9,338m auger drilling program and 2,500 soil sample program completed at Walia-Kofi Ouest Project in the Kedougou Kenieba Inlier in West Mali. The expenditure represents direct costs associated with these activities as well as capitalised wages which can be directly attributable to the exploration activities.

This announcement has been authorised for release by the Board of A1G.

For further information, please contact:

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Competent Person's Statement

The information in this report that relates to historical exploration results were initially reported by the Company in accordance with Listing Rule 5.7 on 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.

Appendix 1

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 2021.

TENEMENT NAME	LOCATION	INTEREST
Agboville	Côte d'Ivoire	100%
Sikensi	Côte d'Ivoire	100%
Azaguie	Côte d'Ivoire	Pending, 100%
Gomon	Côte d'Ivoire	Pending, 100%
Sitakili	Mali	100%
Walia	Mali	95%
Samanafoulou	Mali	100%
N'Golokasso	Mali	Pending, 100%
Yatia Sud	Mali	100%
Bourdala	Mali	Up to 90% subject to earn-in agreement; ability for 100%
BouBou	Mali	Up to 90% subject to earn-in agreement; ability for 100%
Diokeba Sud ¹	Mali	Up to 90% subject to earn-in agreement; ability for 100%
Tintinba Nord ¹	Mali	55%
Kofi Quest	Mali	100%
Didievi	Côte d'Ivoire	Up to 80% subject to option agreement
Konahiri North	Côte d'Ivoire	Up to 80% subject to option agreement
Konahiri South	Côte d'Ivoire	Up to 80% subject to option agreement
Koyekro	Côte d'Ivoire	Up to 80% subject to option agreement

¹ The Company notes that no interests were acquired or disposed of during the quarter however the Company relinquished both the Diokeba Sud and Tintinba Nord tenements following the end of the quarter (notice provided on 3 July 2021).

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

African Gold Limited

ABN

29 624 164 852

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(175)	(292)
	(e) administration and corporate costs	(73)	(279)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(248)	(571)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(50)	(200)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(1,002)	(1,321)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Tenement security deposit)	-	-
2.6	Net cash from / (used in) investing activities	(1,052)	(1,521)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,046
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	70	70
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(16)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Share application funds received)	-	-
3.10	Net cash from / (used in) financing activities	68	1,100

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,706	1,467
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(248)	(571)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,052)	(1,521)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	68	1,100

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	-
4.6	Cash and cash equivalents at end of period	475	475

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	475	1,706
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	475	1,706

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	99
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Amount shown at item 6.1 above comprise of payments to related parties (or their associates) for director fees, salaries and wages (including superannuation), accounting, bookkeeping, administration and drafting services and serviced office rent paid during the quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(248)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,002)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,250)
8.4 Cash and cash equivalents at quarter end (item 4.6)	475
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	475
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer:</p> <p>No. The Company notes that the June 2021 quarter payments were relatively high in order to fund the completion of its maiden diamond drilling program at the Didievi Project in Cote d'Ivoire and an auger drilling program at the Walia-Kofi Ouest Project.</p> <p>There is an expected reduction in the level of cash payments in coming quarters.</p>	

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company will continue to monitor its available cash going forward. The Company has alternatives to raise further cash to fund its operations and will take those steps as and when appropriate. These include the potential for equity raisings to fund additional exploration as required. Given the Company's supportive shareholder base and historical ability to raise capital, the Company is confident of successfully raising further funds if and when required. The Company also retains full placement capacity under ASX Listing Rules 7.1 and 7.1A.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, the Company expects to be able to continue its operations and meet its business objectives on the basis that it expects to be able to secure funding if required as described in the answer to Question 2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **30 July 2021**

Authorised by: **By the Board**

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.