

AMANI GOLD LIMITED

(ABN 14 113 517 203)



AMANI GOLD
LIMITED

ANNUAL REPORT
2021

Amani Gold Limited
Corporate Directory

Directors	Klaus Eckhof Tsang Sun King Maohuai Cong John Smyth Peter Huljich
Company Secretary	James Bahen
Registered Office	Suite 1, 295 Rokeby Road Subiaco, WA, Australia 6108
Telephone:	+61 1300 258 985
Auditors	BDO Audit (SA) Pty Ltd BDO Centre Level 7, 420 King William Street Adelaide SA 5000
Share Registry	Advanced Share Registry Limited 110 Stirling Highway Nedlands Western Australia 6009 Telephone: +61 8 9389 8033 Facsimile: +61 8 9262 3723
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Securities trade on the Australian Securities Exchange – ANL

Amani Gold Limited
Contents
For the year ended 30 June 2021

Chairman’s Message	3
Review of Operations	4
Directors’ Report	8
Auditor’s Independence Declaration	24
Consolidated Statement of Profit or Loss and Other Comprehensive Income	25
Consolidated Statement of Financial Position	26
Consolidated Statement of Changes in Equity	27
Consolidated Statement of Cash Flows	29
Notes to the Consolidated Financial Statements	30
Directors’ Declaration	60
Independent Audit Report	61
Additional Shareholder Information	64

Amani Gold Limited
Chairman's Message
For the year ended 30 June 2021

Dear Shareholders,

I am pleased to present the 2021 Annual Report for Amani Gold Limited (ASX: ANL).

This year has seen your Company focus on growing the resources at our flagship Giro Gold Project in the Democratic Republic of Congo.

The Giro Gold Project global resource for Kebigada and Douze Match deposits now exceeds 4.4Moz contained gold; with a total Indicated and Inferred Mineral Resource Estimate of 132Mt @ 1.04g/t Au, for 4.4Moz gold (0.5g/t Au cut-off grade).

We believe we have a major gold deposit here at Giro, Amani now has a very solid resource base to move to our aim of significant gold production from a new African gold mine.

Amani is currently finalising plans for a diamond drill program at its 4.1Moz Kebigada Deposit. The goal of this drill program will be to undertake in-fill drilling to further define the Central Kebigada Ore Body. The program will also target the Eastern Kebigada Ore Body which has seen limited drilling at depth but returned a series of good intersections in previously drilled RC holes including GRRC204 (89m@1.58g/t Au from 8m including 38m@2.45g/t Au from 8m). For further information, see ASX Announcement First Results from further in-fill drilling at Kebigada Giro Project dated 9 March 2017.

I look forward to more exploration successes at Giro Project this year.

I take this opportunity to thank all our staff and contractors for their dedicated work in substantially advancing our gold projects this year.

The Company takes this opportunity to acknowledge the ongoing support of our long term shareholders and welcomes new shareholders that have invested in Amani over the past year.



Klaus Eckhof
Chairman

REVIEW OF OPERATIONS

Giro Gold Project

The Giro Gold Project comprises two exploration permits covering a surface area of 497km² and lies within the Kilo-Moto Belt of the DRC, a significant under-explored greenstone belt which hosts Randgold Resources’ 17 million-ounce Kibali group of deposits within 35km of Giro. The nearby Kibali Gold Project produces more than 600,000oz gold per annum.

Giro Gold Project global resource for Kebigada and Douze Match deposits exceeds 4.4Moz contained gold; with a total Indicated and Inferred Mineral Resource Estimate of 132Mt @ 1.04g/t Au, for 4.4Moz gold (0.5g/t Au cut-off grade).

DRC Feasibility Study Upgrade

In December, Amani advised that the Beijing General Research Institute of Mining and Metallurgy (“BGRIMM”) had commenced an update of the Kebigada deposit DRC Feasibility Study. The Feasibility Study will comply with, and in many aspects exceed, current DRC regulations. BGRIMM have supplied the DRC FS in draft form which is now under review and analysis by Amani Gold.

The updated DRC FS will incorporate the current Kebigada mineral resource estimate (MRE) of 4.1Moz Au (0.5g/t Au cut-off grade, Figures 1 and 2, Table 1 and refer ASX Announcement 19 March 2020), which is substantially larger than the Kebigada maiden mineral resource estimate of 2.1Moz Au (0.9g/t Au cut-off grade, Figures 1 and 2, Table 3, see ASX Announcement 27 August 2017) used in previous studies.

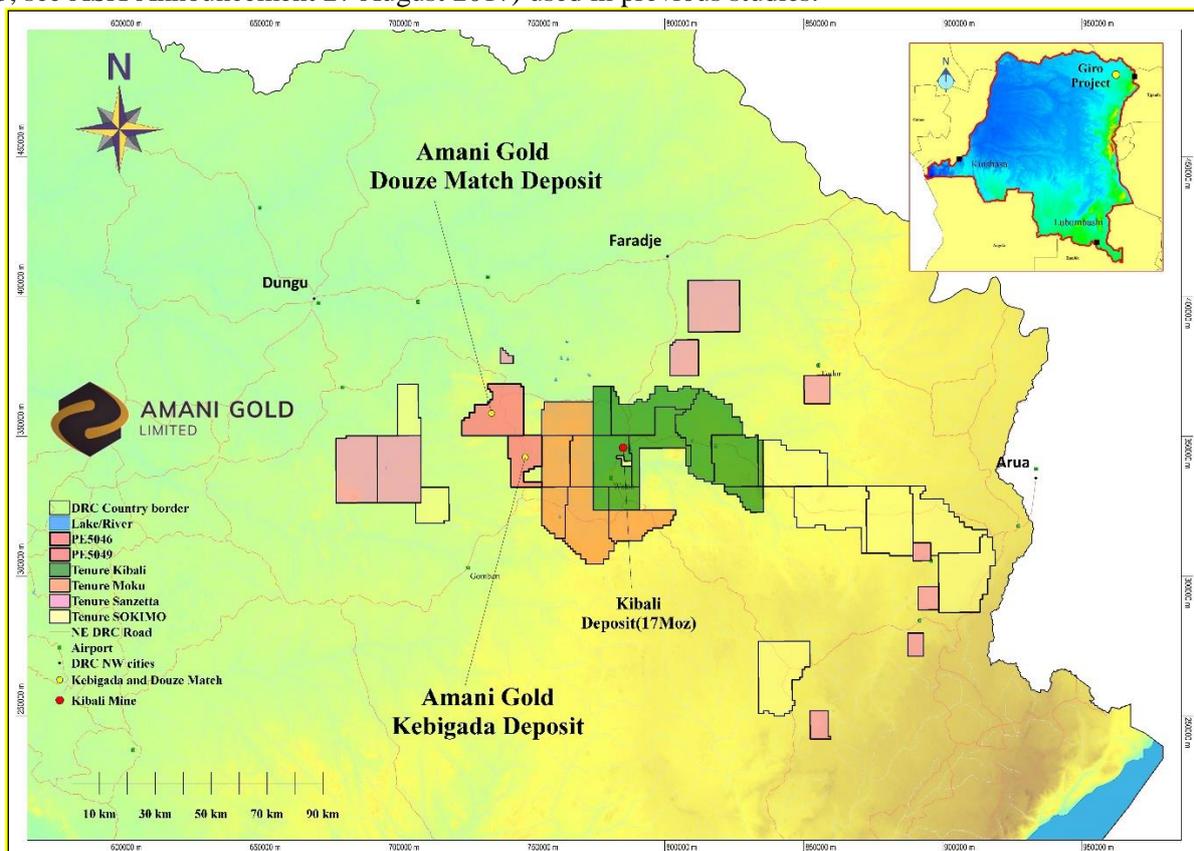


Figure 1 - Map of Haute Uele Province of the Democratic Republic of Congo, showing the location of the Kebigada and Douze Match gold deposits and tenement, Giro Gold Project
 (significant figures do not imply precision and rounding may occur in totals)

Amani Gold Limited
Review of Operations
For the year ended 30 June 2021

The Kebigada resource followed diamond core drilling results which successfully targeted deeper high-grade sulphide associated gold mineralisation within the central core of the Kebigada deposit. Drillholes GRDD034 and GRDD035 are 240m apart and both outlined high-grade gold mineralisation deeper than previously intersected at the Kebigada deposit. These gold assay results and the current Kebigada MRE indicate the potential for the Kebigada deposit to substantially grow via targeted deeper drilling along the entire strike of the orebody.

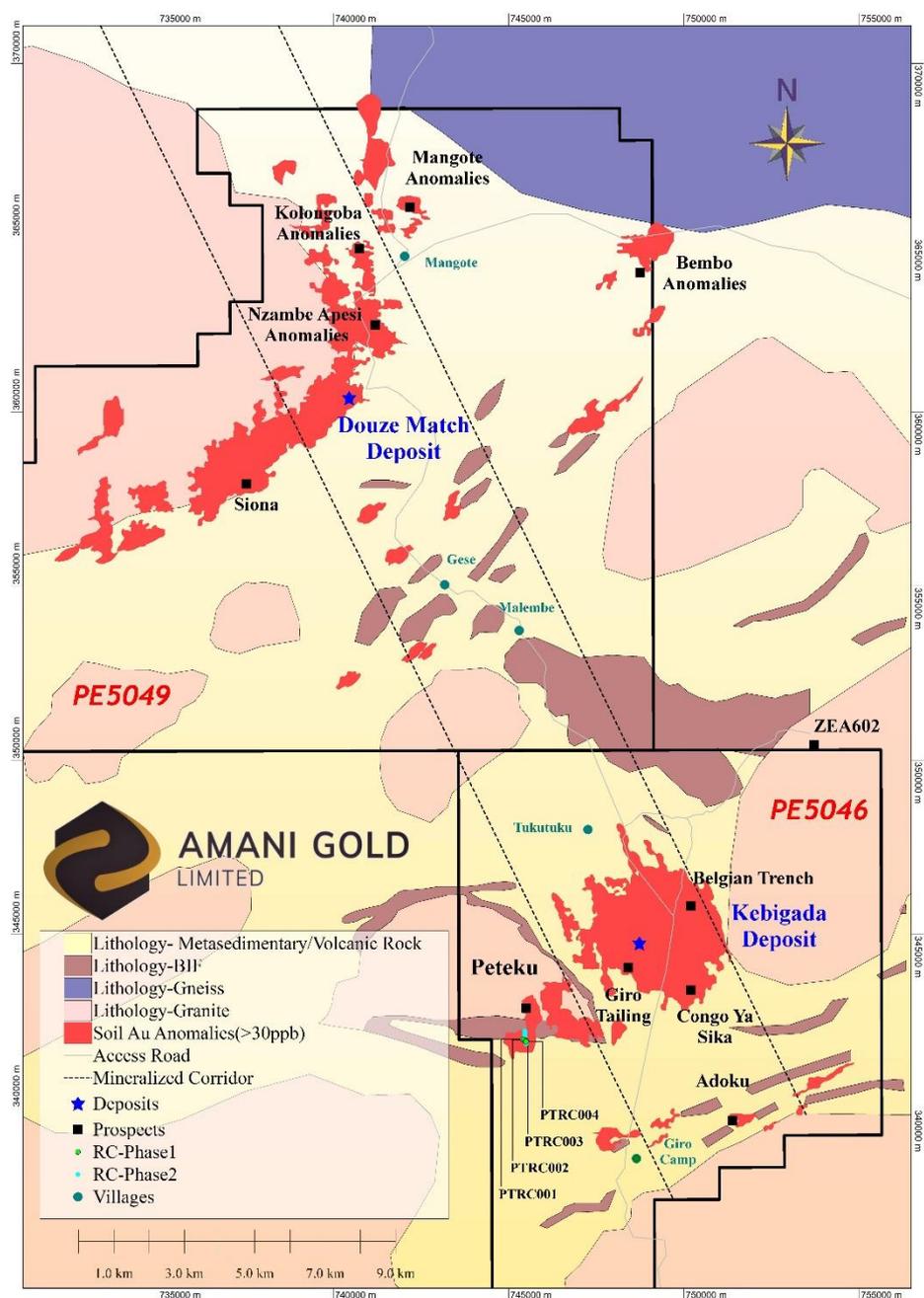


Figure 2 - Map of Giro Gold Project, showing Kevigada and Douze Match deposits, tenement, surface geology, prospect locations and diamond core drillholes GRDD034 and GRDD035 (Green)

Table 1. Giro Gold Project Global MRE at 0.5 g/t Au Cut-off Grade

Classification	Kebigada Deposit			Douze Match Deposit			Combined		
	Tonnes (Mt)	Au (g/t)	Au (Moz)	Tonnes (Mt)	Au (g/t)	Au (Moz)	Tonnes (Mt)	Au (g/t)	Au (Moz)
Indicated	69	1.09	2.4	2.2	1.2	0.09	71	1.10	2.5
Inferred	54	0.95	1.7	5.8	1.2	0.23	60	0.98	1.9
Total	124	1.03	4.1	8.1	1.2	0.32	132	1.04	4.4

(significant figures do not imply precision and rounding may occur in totals)

Table 2. Grade-Tonnage Data for Kebigada MRE (MSA, August 2017)

Classification	Cut-Off (Au g/t)	Tonnes (Mt)	Au (g/t)	Au (Moz)
Indicated	0.6	24.76	1.27	1.01
	0.9	16.48	1.53	0.81
	1.3	7.56	2.08	0.50
	1.5	5.21	2.38	0.40
Inferred	0.6	50.40	1.14	1.84
	0.9	29.14	1.42	1.33
	1.3	11.78	1.94	0.74
	1.5	8.63	2.15	0.60
Total	0.6	75.16	1.18	2.85
	0.9	45.62	1.46	2.14
	1.3	19.34	2.00	1.24
	1.5	13.84	2.24	0.99

(significant figures do not imply precision and rounding may occur in totals)

Table 3. Grade-Tonnage Data for Kebigada MRE (MSA, August 2017)

Classification	Cut-Off (Au g/t)	Tonnes (Mt)	Au (g/t)	Au (Moz)
Indicated	0.6	24.76	1.27	1.01
	0.9	16.48	1.53	0.81
	1.3	7.56	2.08	0.50
	1.5	5.21	2.38	0.40
Inferred	0.6	50.40	1.14	1.84
	0.9	29.14	1.42	1.33
	1.3	11.78	1.94	0.74
	1.5	8.63	2.15	0.60
Total	0.6	75.16	1.18	2.85
	0.9	45.62	1.46	2.14
	1.3	19.34	2.00	1.24
	1.5	13.84	2.24	0.99

(significant figures do not imply precision and rounding may occur in totals)

Amani Gold Limited
Review of Operations
For the year ended 30 June 2021

GOLD TRADING, TANZANIA (Amani 60%)

Amani secured a Gold Dealer Licence in Tanzania in November 2019 via a 60% equity interest in Amago Trading Limited. The Gold Dealer Licence No. DL013/GTA/2019-2020 was granted to Amago by Ministry of Minerals Mining Commission, The United Republic of Tanzania.

Amago Trading Limited sources gold from local artisanal miners from the Geita region of Tanzania. The gold is smelted at the Amago office and the local miners are paid at an agreed price. The gold is transported to a Hong Kong smelter by a security firm. Amago receives payment for the smelted gold from the Hong Kong gold refinery the same day as is processed. Amago pays the Hong Kong smelter a processing fee of \$8 US per ounce of smelted gold.

Revenue is recognized when control of the goods and services have passed to the gold refinery and costs incurred or to be incurred in respect of the transaction can be measured reliably. Control is considered passed to the gold refinery at the time of “delivery of goods to the customer”, hence revenue is recognized at a point in time.

Amani temporarily ceased gold trading in Tanzania in early 2020 when Covid-19 made it difficult for staff to travel and source gold in the Geita region. The company is currently in the process of disposing of the business at the date of this report.

CORPORATE BOARD REORGANIZATION

In May 2021, Amani announced that changes to the Board of Directors, Non-Executive Director Mr Antony Truelove and Company Secretary Nick Harding resigned from their duties with Amani Gold. Mr Peter Huljich and Mr Campbell Smyth were appointed to the board as Non-Executive Directors, Mr James Bahen was appointed Company Secretary and Mr Conrad Karageorge appointed as Chief Operating Officer

Competent Person’s Statement

The information in this report that relates to exploration results, mineral resources and ore reserves is based on, and fairly represents information and supporting documentation prepared by Mr Klaus Eckhof, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists. Mr Eckhof is Executive Chairman of Amani Gold Limited. He has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves”. Mr Eckhof consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Giro Gold Project has been previously reported by the Company in compliance with JORC 2012 in various market releases. The Company confirms that it is not aware of any new information or data that materially affects the information included in those earlier market announcements.

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

Your Directors present their report together with the financial statements of Amani Gold Limited and the entities it controlled at the end of, or during, the year ended 30 June 2021 (“the consolidated entity” or “Group”) and the auditor’s report thereon.

DIRECTORS

The names and details of the Directors in office during or since the end of the financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Klaus Eckhof¹
**Company’s Chairman and Acting
Managing Director**
Dip. Geol. TU, AusIMM
(appointed Director on 30 January 2019)

¹ With effect from 9 April 2019, Mr Eckhof was appointed as the Company’s Chairman.

² With effect from 28 August 2020, Mr Eckhof was appointed as Executive Chairman.

³With effect from 25 February 2021, Mr Eckhof was appointed as Acting Managing Director

Mr Eckhof is a geologist with more than 25 years experience identifying, exploring and developing mineral deposits around the world.

Mr Eckhof worked for Mount Edon Gold Mines Ltd as Business Development Manager before it was acquired by Canadian mining company, Teck. In 1994, he founded Spinifex Gold Ltd and Lafayette Mining Ltd, both of which successfully delineated gold and base metal deposits. Mr. Eckhof has spent numerous years developing contacts within the DRC with several mining deals being very successfully executed.

In late 2003, Mr Eckhof founded Moto Goldmines, which acquired the Moto Gold Project in the DRC. There Mr Eckhof and his team raised over \$100 million and delineated more than 12Moz of gold and delivered a feasibility study within four years from the commencement of exploration. Moto Goldmines was subsequently acquired by Randgold Resources for \$488m, who poured first gold in September 2013. The resource now stands at some 22Moz of gold.

Mr Eckhof previously served as Amani’s Managing Director and Chief Executive Officer up to 12 August 2014, and as part-time Executive Chairman up to 27 March 2018.

In the last three years, Mr Eckhof has been a director of Argent Minerals Limited (resigned 23 April 2018), AVZ Minerals Limited (resigned 26 June 2018), Okapi Resources Limited (retired 29 November 2019) and is current a director of and Lachlan Star Limited.

Sik Lap Chan
Managing Director and CEO
MAusIMM, MAIG
**(appointed Director on 11 July 2017 and
resigned 27 August 2020)**

Mr Sik Lap Chan holds a Bachelor of Science degree with first class honors in the Department of Earth Sciences from the University of Hong Kong in 2004. He subsequently obtained a Masters in Philosophy and lectured, both at the University of Hong Kong from 2013 to 2014.

Mr Chan is a professional geologist and valuer with more than 12 years experience in the mining industry. He has been involved in the planning, implementation and supervision of various exploration programs, resources/reserve estimation, open pit and underground production, feasibility studies, JORC report compilation, Engineering/Procurement/Construction (EPC)/Management, valuation and listing preparation for mineral assets in Australia, China, North America, Central and South-East Asia.

Mr Chan has held senior management positions in diverse international exploration and mining companies providing him experience in corporate management, government liaisons, business development and environmental, health and safety. He has also undertaken a number of senior executive roles with mining consulting and valuation companies.

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

In the last three years Mr Chan has not been, and is currently not, a director of any other ASX listed companies.

Grant Thomas
Executive Director
BSc (Hon)
(Director from 1 January 2018 to 16 November 2018. Reappointed as a Director on 21 December 2018 and resigned 17 August 2020)

Mr Thomas is a geoscientist and experienced company director having served as Managing Director of ASX listed Tianshan Goldfields Limited, Celsius Coal Limited and ActiveX Limited. He has also held senior positions with Rio Tinto Exploration (Australia, Brazil and China) and Hamersley Iron.

Mr Thomas has over 35 years of professional experience covering project acquisition, mineral exploration and resource project evaluations for several minerals, including diamonds, gold, iron ore, copper, lead, zinc, uranium, fluorspar and coal in Australia, China, South Africa, Tajikistan, Kazakhstan, Brazil, Cambodia and Mongolia.

Mr Thomas has completed several substantial capital raisings in London, Australia, Hong Kong and Singapore. He has also been involved with successful project leadership and exploration discoveries within Australia and China including; Homestead, Mount Sheila and Mount Sylvia (iron ore) and the 2.4Moz Au Xinjiang Gold Mountain and Kuan Gou (gold) discoveries.

In the past three years Mr Thomas has been a director of ASX listed companies ActivEX Limited (resigned 19 February 2018) and Kazakhstan Potash Corporation Limited (resigned 8 May 2019).

Qiuming Yu
Executive Director
(appointed Director on 11 July 2017 and removed on 15 October 2020)

Mr Qiuming Yu holds a Bachelor's degree from Nanjing University of China. He has a wealth of mine investment, development and management experience. In 2006, Mr Yu initiated the creation of China Poly Group Energy Sector (Poly Energy Holdings Limited) (Poly Energy), the main business of which is the development of nonferrous metals and coal resources. He has been instrumental in the development of a number of producing copper-zinc mines in China.

In the last three years Qiuming Yu has not been, and is currently not, a director of any other ASX listed companies.

Maohuai Cong
Non-Executive Director
(appointed Director on 27 August 2020)

Mr Cong Mr Cong is currently General Director of Amani Consulting and Director of Shining Mining Limited, which is the Company's largest shareholder. Mr. Cong brings to the Board over 20 years of mining and construction experience in the DRC.

In the last three years Maohuai Cong has not been, and is currently not, a director of any other ASX listed companies.

King Sun Tsang
Non-Executive Director
(appointed Director on 29 January 2020)

Mr Tsang is a certified public accountant and experienced Company Director. Currently, he is the CFO and Co, Sec of Amber Hill Financial Holdings Limited which is a listed company in HKEX.

Mr Tsang has 10 years of professional experience providing advice to businesses across various industries, with a particular focus on corporate finance and business advisory services. His career has spanned both the professional practice and commercial arenas and he has held executive roles with HKEX listed companies as Executive Director, Chief Financial Officer, and Company Secretary. Those roles aided in the development of a

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

comprehensive understanding of businesses and provided exposure to management and oversight of significant corporate transactions (M&A), acquisitions and divestments, and financing initiatives.

Mr Tsang holds a Juris Doctor Degree and Bachelor degree in Business and Finance from The Chinese University of Hong Kong and Hong Kong Polytechnic University respectively.

In the last three years King Sun Tsang has not been, and is currently not, a director of any other ASX listed companies.

Antony Truelove²
Non-Executive Director
BSc (Hon)
(Director since 27 March 2018 and resigned 27 May 2021)

² Mr Truelove is considered to be an Independent Non-Executive Director

Mr Truelove is a geologist and experienced company director and is currently technical director of unlisted UK based companies Anglo Saxony Mining Ltd and Brazil Tungsten Holdings Ltd and COO of AIM listed company Panthera Resources Plc. Mr Truelove has previously floated, and served as Managing Director of, ASX listed company Southern Cross Goldfields Limited and has held senior positions with Billiton, Newmont, Newcrest and Delta Gold. Mr Truelove has 35 years of professional experience in the resource industry covering project acquisition, mineral exploration and feasibility studies for gold and tin mineralisation. He has been involved with the discovery and definition of over 15 million ounces of gold and 120,000t tin, plus associated zinc and indium. He also has considerable experience in base metals, iron ore and nickel exploration. Mr Truelove has experience working in Australia, Indonesia, India, China, UK, Germany, Zimbabwe, Brazil and West Africa. Mr Truelove graduated from Adelaide University with a Bachelor of Science with First Class Honors in 1981.

In the last three years Mr Truelove has not been, and is currently not, a director of any other ASX listed companies.

John Smyth
Non-Executive Director
(appointed Director on 27 May 2021)

Extensive experience in the investment banking industry in both fund management and capital raising. Former fund manager with Lion Resource Management where he co-managed mining funds – both mutual and specialist portfolios focused on TSX Venture and ASX listed junior resource companies that grew to be among the top performing sector funds at the time and also with Phoenix Gold Fund, a specialty precious metals fund and key investor in many growth companies in the precious metals sector including, most notably Bolnisi Gold, Avoca Resources and Wesdome Gold Mines. He also established Cornerstone Advisors, a corporate finance, market development and asset acquisition consultancy with clients including TNG Ltd., Aquiline Resources, Exeter Resources and Paramount Gold. Mr. Smyth currently manages personal assets, investing in the resources, energy, technology and medical sectors and assists management in asset acquisition and corporate development. Mr. Smyth holds a Finance Degree from the University of Australia.

Mr Smyth is also an independent Non-Executive Director of GoldOz Limited (ASX:G79).

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

Peter Huljich
Non-Executive Director
(appointed Director on 27 May 2021)

Peter has over 25 years' experience in the legal, natural resources and banking sectors with a particular expertise in capital markets, mining, commodities and African related matters.

He has worked in London for several prestigious investment banks, including Goldman Sachs, Barclays Capital, Lehman Brothers and Macquarie Bank, with a focus on Commodities and Equity and Debt Capital markets. He has extensive on-the-ground African mining, oil & gas and infrastructure experience as the Senior Negotiator and Advisor for Power, Mining and Infrastructure at Industrial Promotion Services, the global infrastructure development arm of the Aga Khan Fund for Economic Development (AKFED) whilst resident in Nairobi, Kenya.

Peter holds a Bachelor of Commerce and a Bachelor of Laws from the University of Western Australia and is a Graduate of the Securities Institute of Australia, with national prizes in Applied Valuation and Financial Analysis. He is also a graduate of the Australian Institute of Company Directors' course.

Peter is also an independent Non-Executive Director of ASX listed, AVZ Minerals Limited (ASX: AVZ), Kogi Iron Limited (ASX:KFE) and GoldOz Limited (ASX:G79).

COMPANY SECRETARY

Nick Harding (resigned 27 May 2021)

Mr Harding was appointed as Company Secretary of Amani Gold Limited on 30 November 2019. Mr Harding resigned 27 May 2021.

James Bahen (appointed 27 May 2021)

Mr Bahen was appointed as Company Secretary of Amani Gold Limited on 27 May 2021.

CORPORATE STRUCTURE

Amani Gold Limited is a limited liability company that is incorporated and domiciled in Australia. During the financial year, it had the following subsidiaries:

- Amani Consulting sarl
- Giro Goldfields sarl
- Amani Minerals (HK) Limited
- Congold sas
- Amago Trading Tanzania Limited
- Burey Resources Pty Limited

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the course of the year was acquiring and exploring mineral interests, prospective for precious metals and energy in DRC.

RESULTS AND DIVIDENDS

The consolidated loss after tax for the year ended 30 June 2021 was \$4,188,210 (30 June 2020: \$3,983,939). No dividends were paid during the year and the Directors do not recommend payment of a dividend.

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

EARNINGS PER SHARE

Basic loss per share for the year was 0.044 cents (30 June 2020: 0.067 cents).

REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW

The Group is engaged in mineral exploration in the Democratic Republic of Congo ("DRC") and gold trading in Tanzania.

A review of the Group's operations, including information on exploration activity and gold trading and results thereof, financial position, strategies and projects of the consolidated entity during the year ended 30 June 2021 is provided in this Financial Report and, in particular, in the "Review of Operations" section immediately preceding this Directors' Report. The Group's financial position, financial performance and use of funds information for the financial year is provided in the financial statements that follow this Directors' Report.

The Group is primarily an exploration entity, although gold trading in Tanzania contributed in a minor way to operating revenue during the year. Gold trading was curtailed in early 2020 due travel restrictions caused by Covid-19. The Directors' consider the Group's performance to be primarily based on the success of exploration activity, acquisition of additional prospective mineral interests and, in general, the value added to the Group's mineral portfolio during the course of the financial year. The gold trading business ceased operations and is currently in the process of being disposed.

Whilst performance can be gauged by reference to market capitalisation, that measure is also subject to numerous external factors. These external factors can be specific to the Group, generic to the mining industry and generic to the stock market as a whole and the Board and management would only be able to control a small number of these factors.

The Group's business strategy for the financial year ahead and, in the foreseeable future, is to continue exploration activity on the Group's existing mineral project, identify and assess new mineral project opportunities in the DRC and review development strategies where individual projects have reached a stage that allows for such an assessment.

Due to the inherent risky nature of the Group's activities, the Directors are unable to comment on the likely results or success of these strategies. The Group's activities are also subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Group, generic to the mining industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Group and its future performance include but are not limited to:

- Geological and technical risk posed to exploration and commercial exploitation success;
- Sovereign risk, change in government policy, change in mining and fiscal legislation;
- Prevention of access by reason of political or civil unrest, disease, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals, or native title issues;
- force majeure events;
- change in metal market conditions;
- mineral title tenure and renewal risks; and
- capital requirement and lack of future funding.

Amago Trading Limited sources gold from local artisanal miners from the Geita region of Tanzania. The gold trading activities were ceased in March 2020 when Covid-19 made it difficult for staff to travel and source gold in the Geita region. The gold trading business ceased operations and is currently in the process of being disposed.

This is not an exhaustive list of risks faced by the Group or an investment in it. There are other risks generic to the stock market and the world economy as a whole and other risks generic to the mining industry, all of which can impact on the Group.

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2021 were as follows:

- On 27 August 2020, Mr. Maohuai Cong was appointed as a Director of Amani Gold Limited. Resignation of Mr Chan Sik Lap as Managing Director On 27 August 2020, Mr. Chan Sik Lap resigned as Managing Director of Amani Gold Limited.
- On 15 October 2020, Mr. Qiuming Yu, a representative of Luck Winner, was removed as Executive Director of Amani Gold Limited.
- On 23 December 2020, Amani advised that the Beijing General Research Institute of Mining and Metallurgy (“BGRIMM”) had commenced an update of the Kebigada deposit DRC Feasibility Study.
- On 23 December 2020, Amani announced that after further detailed Due Diligence, including technical and legal aspects, along with recent field inspections of tenement areas by field geologists, the Company has decided not to pursue the Gada project (see ASX Announcement 23 December 2020). In the short-term funds and resources will be allocated to Giro Project such as the DRC Feasibility Study and Kebigada drill testing. Medium term, Amani will seek to acquire additional gold projects that closely complement Giro.
- On 8 February 2021, Amani announced a two Tranche placement of 3,000,000,000 shares at \$0.001 per share to raise \$3.0m (refer ASX announcement 8 February 2021), each Placement Share included a 1.0 free attaching listed options, with each having an exercise price of 0.15 cents and expiry date 15 January 2024. Tranche 1 was completed on 18 February 2021.
- On 25 February 2021, Mr. Klaus Eckhof, was appointed Executive Chairman and Managing Director of Amani Gold Limited. Mr Eckhof will be paid a salary of \$20,000 per month and receive 1 billion performance rights, which will have a term of 3 years and are subject to approval by shareholders at a General Meeting to be convened.
- On 27 May 2021, Amani announced that changes to the Board of Directors, Non-Executive Director Mr Antony Truelove and Company Secretary Nick Harding resigned from their duties with Amani Gold. Mr Peter Huljich and Mr Campbell Smyth were appointed to the board as Non-Executive Directors, Mr James Bahen was appointed Company Secretary and Mr Conrad Karageorge appointed as Chief Operating Officer.

EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year and to the date of this report no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than the matters referred to below.

Subsequent to year end, the Group announced that it had received commitments for a two tranche placement to sophisticated and professional investors to raise to \$7 million to fund ongoing exploration activities at the Giro gold projects in the DRC and meet ongoing working capital requirements. Tranche 1 had raised \$1.8 million with Tranche 2 is subject to shareholder approval but will raise up to \$5.2m when approved.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company's objective is to maximise shareholder value through the discovery and delineation of significant mineral deposits. The Directors will also continue to assess additional opportunities within the mineral and energy sectors in Central Africa.

The Directors are unable to comment on the likely results from the Company's planned exploration and pre-development activities due to the speculative nature of such activities.

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors and the number of meetings attended by each Director during the year ended 30 June 2021 are:

	Directors' meetings held during period of office	Directors' meetings attended
Klaus Eckhof	6	6
Chan Sik Lap (resigned 27 August 2020)	-	-
Grant Thomas (resigned 18 August 2020)	-	-
Yu Qiuming (removed 15 October 2020)	-	-
Antony Truelove (resigned 27 May 2021)	5	5
Tsang King Sun	6	5
Maohuai Cong (appointed 27 August 2020)	6	-
John Smyth (appointed 27 May 2021)	1	1
Peter Huljich (appointed 27 May 2021)	1	1

There were 6 directors' meetings held during the year. However, matters of Board business have also been resolved by circular resolutions of Directors, which are a record of decisions made at a number of informal meetings of the Directors held to control, implement and monitor the Group's activities throughout the period.

At present, the Company does not have any formally constituted committees of the Board. The Directors consider that the Group is not of a size nor are its affairs of such complexity as to justify the formation of special committees.

DIRECTORS' INTERESTS

The interests of each Director in the securities of Amani Gold Limited at the date of this report are as follows:

	Fully Paid Ordinary Shares	Listed Options	Performance Rights (Expiring 11/11/22)	Performance Rights (Expiring 27/5/22)	Performance Rights (Expiring 25/05/24)
Klaus Eckhof	-	-	137,500,000 ⁽¹⁾	240,000,000 ⁽²⁾	1,000,000,000 ⁽³⁾
Tsang King Sun	-	-	-	-	-
John Smyth	91,847,737	142,500,000	-	-	-
Peter Huljich	10,800,000	35,000,000	-	-	-
Maohuai Cong	833,880,368	-	-	-	-

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

⁽¹⁾ Performance rights vest over three equal tranches and convert into shares on a one-for-one basis in the event that the company's shares trade at minimum volume weighted average prices (tranche 1: \$0.0075; tranche 2: \$0.01; and tranche 3: \$0.0125) for 10 consecutive trading days.

⁽²⁾ Performance rights vest over three equal tranches and convert into shares on a one-for-one basis in the event that the company's shares trade at minimum volume weighted average prices (tranche 1: \$0.0075; tranche 2: \$0.01; and tranche 3: \$0.0125) for 10 consecutive trading days.

⁽³⁾ Performance rights vest over three equal tranches and convert into shares on a one-for-one basis in the event that the company's shares trade at minimum volume weighted average prices (tranche 1: \$0.0015; tranche 2: \$0.002; and tranche 3: \$0.003) for 20 consecutive trading days.

SHARE OPTIONS AND PERFORMANCE RIGHTS

As at the date of this report, the following listed options were on issue.

	Number	Exercise Price	Expiry Date
Listed Options	8,328,749,997	\$0.0015	15 Jan 2024

1.5 billion listed options were issued to a corporate advisor as part of the cost for a placement. With each option having an exercise price of \$0.0015 and expiry date three years from date of issue. The fair value of the Listed Options estimated was \$1,498,435. None of the Listed Options vested during the reporting period. An amount of \$1,498,435 was recognized as share issue costs within contributed equity in the current period. The remaining options were free attaching for share placements conducted.

As at the date of this report, the following unlisted options were on issue.

	Number	Exercise Price	Expiry Date
Unlisted Options	40,000,000	\$0.0075	27 May 2022
	40,000,000	\$0.01	27 May 2022
	40,000,000	\$0.0125	27 May 2022
	12,000,000	\$0.0075	15 Jan 2023
	12,000,000	\$0.01	15 Jan 2023
	12,000,000	\$0.0125	15 Jan 2023

There were no unlisted options issued to employees during the year under the Employee Option Plan. During the prior year, 36 million unlisted options were issued to a corporate advisor during the year, with such options issued with shareholder approval. No unlisted options were exercised.

As at the date of this report, the following performance rights were on issue.

	Number	Vesting Price	Expiry Date
Performance Rights	229,000,000	\$0.0075	27 May 2022
	229,000,000	\$0.01	27 May 2022
	229,000,000	\$0.0125	27 May 2022
	10,000,000	\$0.0075	31 December 2021
	10,000,000	\$0.01	31 December 2021
	10,000,000	\$0.0125	31 December 2021
	116,666,666	\$0.0075	11 November 2022
	116,666,667	\$0.01	11 November 2022
	116,666,667	\$0.0125	11 November 2022
	333,333,333	\$0.0015	25 February 2024
	333,333,333	\$0.002	25 February 2024
	333,333,334	\$0.003	25 February 2024

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

1,000,000,000 million performance rights were granted during the current year, in which they were issued to Klaus Eckof. No performance rights vested during the year.

During the prior year, 350 million performance rights were granted, which were all issued to directors. No performance rights vested during the year.

This report outlays the remuneration arrangements in place for the Directors of Amani Gold Limited. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Remuneration Report – Audited

The Directors in office during the period are contained on Page 19 of this report. Other than the Directors there were no Key Management Personnel.

Remuneration philosophy

The Board reviews the remuneration packages applicable to the executive Directors, Managing Director and Chief Executive Officer, and non-executive Directors on an annual basis. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Independent advice on the appropriateness of remuneration packages is obtained, where necessary, although no such independent advice was sought during the financial year.

Remuneration is not linked to past company performance but rather towards generating future shareholder wealth through share price performance. As a minerals explorer, the Company does not generate operating revenues or earnings and company performance, at this stage, can only be judged by exploration success and ultimately shareholder value. Market capitalisation is one measure of shareholder value but this is subject to many external factors over which the Company has no control. Consequently linking remuneration to past performance is difficult to implement and not in the best interests of the Company. Presently, total fixed remuneration for senior executives is determined by reference to market conditions and incentives for our performance are provided by way of options or performance rights over unissued shares. The Directors believe that this best aligns the interests of the shareholders with those of the senior executives.

Remuneration committee

The Company does not have a formally constituted remuneration committee of the Board. The Directors consider that the Group is not of a size nor are its affairs of such complexity as to justify the formation of a Remuneration committee.

The Board assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodical basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and management team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Directors and executive Director remuneration is separate and distinct.

Non-executive Directors remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The present limit of approved aggregate remuneration is \$200,000 per year.

The Board aims to reviews the remuneration packages applicable to the non-executive Directors on a regular basis. The Board considers fees paid to non-executive directors of comparable companies when undertaking its review process. The Board determines the level of remuneration to be paid to non-executive Directors as considered appropriate in the circumstances. Non-executive Directors fees are currently \$40,500 per annum.

The remuneration of the non-executive Directors for the year ending 30 June 2021 is detailed in Table 2 of this report.

Executive Directors remuneration

Objective

The Company aims to reward Executive Directors with a level of remuneration commensurate with their position and responsibilities within the Company and so as to:

- align the interests of the Executive Directors with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. The Board aims to review fixed remuneration annually and the process consists of a review of companywide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practice.

The fixed component of the Executive Director remuneration for the year ending 30 June 2021 is detailed in Table 2 of this report.

Variable remuneration – Long Term Incentive ('LTI')

Objective

The objective of the LTI plan is to reward executives and senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance.

Structure

LTI grants to executives are delivered in the form of options and performance rights. The issue of options / performance rights as part of the remuneration packages of executive and non-executive directors is an established

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding each of the directors.

Remuneration is not linked to past group performance but rather towards generating future shareholder wealth through share price performance. Amani Gold Ltd listed on 14 December 2006 at 20c per share and the share price at 30 June 2021 was 0.1 cents (2020: 0.15cents). With the exception of the 2017 year, the Company has recorded a loss each financial year to date as it carries out exploration activities on its tenements. The profit recorded in the 2017 year was due to the disposal of foreign subsidiaries. No dividends have been paid.

	2021	2020	2019	2018	2017
Net Profit/(loss) attributable to equity holders of the Company	(\$4,188,210)	(\$3,983,939)	(\$32,856,510)	(\$1,562,315)	257,624
Dividends paid	-	-	-	-	-
Change in share price	Nil cents	(0.001) cents	(0.005) cents	(0.028) cents	(0.011)cents

Service agreements

Mr Eckhof is not employed under a formal employment or services agreement with Amani Gold Limited. The arrangement with Mr Eckhof is verbal and provides for a base payment of \$240,000 per annum. Both parties may terminate the arrangement at any time by giving 1 months notice.

Mr Chan is employed under an employment agreement with Amani Gold Limited which provides for base salary arrangements of HK\$125,000 per month until 31 August 2019 and a base salary of HK\$150,000 per month starting from 1 September 2019. In addition, Amani Gold Limited has paid HK\$358,000 towards insurance for Mr. Chan during the current year. The agreement with Mr Chan provides for 3 months notice of intention to resign. Amani may terminate the agreement by giving 3 months notice. if a change of control event occurs Mr Chan will be entitled to a termination payment equal to 12 months cash salary in lieu of notice. Mr Chan resigned 27 August 2020.

Mr Thomas is employed under a written employment agreement with Amani Gold Limited which provides for base salary arrangements as follows: i) \$19,500 (plus superannuation) per month for the year ending 31 December 2019; and ii) \$24,000 (plus superannuation) per month from 1 January 2020. The agreement with Mr Thomas provides for 3 months notice of intention to resign. Amani may terminate the agreement by giving 3 months notice. If a change of control event occurs Mr Thomas will be entitled to a termination payment equal to 12 months cash salary in lieu of notice. Mr Thomas resigned on 27 August 2020.

Mr. Yu Qiuming is not employed under a formal employment or services agreement with Amani Gold Limited. The arrangement with Mr. Yu Qiuming is verbal and provides for a base payment of \$120,000 per annum. Both parties may terminate the arrangement at any time by the giving 1 months notice. Mr. Yu Qiuming was removed on 15 October 2020.

Mr. Tsang King Sun is not employed under a formal employment or services agreement with Amani Gold Limited. The arrangement with Mr. Tsang King Sun is verbal and provides for a base payment of \$20,000 per month. On 16 May 2020 Mr Tsang agreed to change his remuneration to \$3,000 per month. On 24 June 2020 Mr. Tsang moved to the role of non-executive director.

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

Table 2: Director and other Executives Remuneration for the year ended 30 June 2021

Director		Cash Salary/Fees \$	Non- Cash Benefits \$	Termination Benefits \$	Post Employment Superannuation \$	Equity Value of Incentive securities \$	Total \$	Incentive securities as a Percentage of Remuneration %
K P Eckhof (i) <i>Chairman</i>	2021	170,000	-	-	-	268,963	438,963	61%
	2020	110,000	-	-	-	199,778	309,778	64%
Chan Sik Lap (ii) <i>Managing Director</i>	2021	311,962	52,226	-	28,202	117,167	509,557	23%
	2020	293,845	66,352	-	29,364	125,778	515,339	24%
G Thomas (iii) <i>Executive Director</i>	2021	264,000	-	75,400	31,920	72,000	443,320	16%
	2020	237,000	-	-	22,515	65,333	324,848	20%
Yu Qiuming (iv) <i>Executive Director</i>	2021	35,000	-	-	-	208,167	243,167	86%
	2020	157,500	-	-	-	195,111	352,611	55%
T Truelove (v) <i>Non-executive</i>	2021	33,000	-	-	-	8,667	41,667	21%
	2020	36,000	-	-	-	8,667	44,667	19%
K S Tsang (vi) <i>Non-executive</i>	2021	36,000	-	-	-	-	36,000	-
	2020	59,833	-	-	-	-	59,833	-
Maohuai Cong (vii) <i>Non-executive</i>	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
John Smyth (viii) <i>Non-executive</i>	2021	3,500	-	-	-	-	3,500	-
	2020	-	-	-	-	-	-	-
Peter Huljich (ix) <i>Non-executive</i>	2021	3,500	-	-	-	-	3,500	-
	2020	-	-	-	-	-	-	-
Total	2021	856,962	52,226	75,400	60,122	674,964	1,719,674	
	2020	894,178	66,352	-	51,879	594,667	1,607,076	

- (i) Mr Eckhof was appointed as a director on 30 January 2019. During the current year Mr. Eckhof was issued 1 billion performance rights valued at \$695,333. The value of the performance rights (including the performance rights issued in previous year) is recognised over the vesting period and the total charge to the profit or loss account for the reporting period was \$268,963 for all performance rights (2020: \$199,778).
- (ii) Mr Chan was appointed as a director on 11 July 2017 and with effect from 1 September 2017 was appointed in an executive role. From 1 April 2018, Mr Chan has been appointed as Managing Director and CEO. The value of the performance rights (including the performance rights issued in previous year) is recognised over the vesting period and the charge to the profit or loss account for the reporting period was \$117,167 (2020: \$125,778). Mr Chan resigned on 27 August 2020.
- (iii) Mr Thomas was appointed as an executive director on 21 December 2018. The value of the performance rights (including the performance rights issued in previous year) is recognised over the vesting period and the charge to the profit or loss account for the reporting period was \$72,000 (2020: \$65,333). Mr Thomas resigned on 27 August 2020.
- (iv) Mr. Yu was appointed as a director on 11 July 2017. The value of the performance rights (including the performance rights issued in previous year) is recognised over the vesting period and the charge to the profit or loss account for the reporting period was \$196,666 (2020: \$195,111). Mr Yu was removed as a Director on 15 October 2020.
- (v) Mr Truelove was appointed as a director on 27 March 2018. The value of the performance rights (including the performance rights issued in previous year) is recognised over the vesting period and the charge to the profit or loss account for the reporting period was \$8,667 (2020: \$8,667). Mr Truelove resigned on 27 May 2021.
- (vi) Mr Tsang was appointed as an executive director on the 29 January 2020. On 24 June 2020 Mr Tsang moved to the role of non-executive director.
- (vii) Mr Cong was appointed as a non-executive director on the 27 August 2020.
- (viii) Mr Smyth was appointed as a non-executive director on the 27 May 2021
- (ix) Mr Huljich was appointed as a non-executive director on the 27 May 2021.

Performance Rights Granted as Compensation

Details on performance rights that were granted as compensation to each key management person during the year ended 30 June 2021 and details on performance rights that vested during the year ended 30 June 2021 are as follows:

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

Performance Rights	Number granted	Grant Date	Fair value per right at grant date	Exercise price per right	Vesting price	Expiry date	Maximum total value of grant yet to vest
Klaus Eckhof:							
<u>11/11/2022 Rights</u>							
- tranche 1	45,833,333	11/11/2019	0.002	-	\$0.0075	11/11/2022	\$71,296
- tranche 2	45,833,333	11/11/2019	0.002	-	\$0.01	11/11/2022	\$71,296
- tranche 3	45,833,334	11/11/2019	0.002	-	\$0.0125	11/11/2022	\$71,296
<u>27/05/22 Rights</u>							
- tranche 1	80,000,000	27/05/19	\$0.0018	-	\$0.0075	27/05/22	\$92,000
- tranche 2	80,000,000	27/05/19	\$0.00173	-	\$0.01	27/05/22	\$88,422
- tranche 3	80,000,000	27/05/19	\$0.00167	-	\$0.0125	27/05/22	\$85,356
<u>25/05/24 Rights</u>							
- tranche 1	333,333,333	30/04/2021	\$0.00073	-	\$0.0015	25/05/24	\$243,333
- tranche 2	333,333,333	30/04/2021	\$0.00072	-	\$0.002	25/05/24	\$239,667
- tranche 3	333,333,334	30/04/2021	\$0.00064	-	\$0.003	25/05/24	\$212,333
Chan Sik Lap:							
<u>11/11/2022 Rights</u>							
- tranche 1	13,333,333	11/11/2019	0.002	-	\$0.0075	11/11/2022	\$20,741
- tranche 2	13,333,333	11/11/2019	0.002	-	\$0.01	11/11/2022	\$20,741
- tranche 3	13,333,334	11/11/2019	0.002	-	\$0.0125	11/11/2022	\$20,741
<u>27/05/22 Rights</u>							
- tranche 1	45,000,000	27/05/19	\$0.0018	-	\$0.0075	27/05/22	\$51,750
- tranche 2	45,000,000	27/05/19	\$0.00173	-	\$0.01	27/05/22	\$49,738
- tranche 3	45,000,000	27/05/19	\$0.00167	-	\$0.0125	27/05/22	\$48,013
G Thomas:							
<u>11/11/2022 Rights</u>							
- tranche 1	10,000,000	11/11/2019	0.002	-	\$0.0075	11/11/2022	\$15,556
- tranche 2	10,000,000	11/11/2019	0.002	-	\$0.01	11/11/2022	\$15,556
- tranche 3	10,000,000	11/11/2019	0.002	-	\$0.0125	11/11/2022	\$15,556
<u>27/05/22 Rights</u>							
- tranche 1	30,000,000	27/05/19	\$0.0018	-	\$0.0075	27/05/22	\$34,500
- tranche 2	30,000,000	27/05/19	\$0.00173	-	\$0.01	27/05/22	\$33,158
- tranche 3	30,000,000	27/05/19	\$0.00167	-	\$0.0125	27/05/22	\$32,008
Yu Qiuming:							
<u>11/11/2022 Rights</u>							
- tranche 1	45,833,333	11/11/2019	0.002	-	\$0.0075	11/11/2022	\$71,296
- tranche 2	45,833,333	11/11/2019	0.002	-	\$0.01	11/11/2022	\$71,296
- tranche 3	45,833,334	11/11/2019	0.002	-	\$0.0125	11/11/2022	\$71,296
<u>27/05/22 Rights</u>							
- tranche 1	60,000,000	27/05/19	\$0.0018	-	\$0.0075	27/05/22	\$69,000
- tranche 2	60,000,000	27/05/19	\$0.00173	-	\$0.01	27/05/22	\$66,317
- tranche 3	60,000,000	27/05/19	\$0.00167	-	\$0.0125	27/05/22	\$64,017
T Truelove:							
<u>27/05/22 Rights</u>							
- tranche 1	5,000,000	27/05/19	\$0.0018	-	\$0.0075	27/05/22	\$5,750
- tranche 2	5,000,000	27/05/19	\$0.00173	-	\$0.01	27/05/22	\$5,526
- tranche 3	5,000,000	27/05/19	\$0.00167	-	\$0.0125	27/05/22	\$5,335

Performance rights will vest subject to meeting specific performance conditions. Tranche 1, 2 and 3 performance rights have market vesting conditions being a daily volume weighted average share price at the vesting price outlined in the table above over a minimum of 10 trading days (in the case of the 27/05/22 and 11/11/22 performance rights) and 20 trading days (in the case of the 31/12/20 and 30/4/2021 performance rights). Market vesting conditions have not been met and the rights have not been converted into shares.

Each right is converted to one ordinary share upon vesting. The performance rights vest when the vesting conditions are met. No performance rights will vest if the conditions are not satisfied, hence the minimum value of the performance rights yet to vest is

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

nil. The maximum value of the performance rights yet to best has been determined as the amount of the grant date fair value of the performance rights that is yet to be expensed.

The fair values at grant date of performance rights issued during the year were determined using a Barrier model simulation that takes into account the exercise price, the term of the rights, the share price at grant date and expected price volatility of the underlying share, and the risk free interest rate for the term of the rights. The model inputs for performance rights granted in year included:

**Performance rights
granted Apr 21**

Grant date	30/04/21
Expiry date	27/05/24
Share price at grant	\$0.001
Risk free rate	0.10%
Volatility rate	110%

Shareholdings of Key Management Personnel

The numbers of shares in the Company held during the financial period by Directors and other Key Management Personnel, including shares held by entities they control, are set out below:

	Balance at 1 July 2020	Acquired	Other Movements	Balance at 30 June 2021
Directors				
Klaus Eckhof	Nil	-	-	Nil
Chan Sik Lap	Nil	-	-	Nil
G Thomas	400,000	-	-	400,000 ²
Yu Qiuming	600,000,000	-	-	600,000,000 ²
A Truelove	Nil	10,000,000	-	10,000,000 ²
K S Tsang	Nil ¹	-	-	Nil
Maohuai Cong	833,880,368 ¹	-	-	833,880,368
John Smyth	91,847,797 ¹	-	-	91,847,797
Peter Huljich	10,800,000 ¹	-	-	10,800,000

¹Balance represents the shares held at the date of appointment as a director

²Balance represents the shares held at the date of resignation as a director

Options of Key Management Personnel

The numbers of Unlisted and Listed options in the Company held during the financial period by Directors and other Key Management Personnel, including shares held by entities they control, are set out below:

	Balance at 1 July 2020	Acquired	Other Movements	Balance at 30 June 2021
Directors				
Klaus Eckhof	Nil	-	-	Nil
Chan Sik Lap	Nil	-	-	Nil ²
G Thomas	Nil	-	-	Nil ²
Yu Qiuming	Nil	-	-	Nil ²
A Truelove	Nil	-	-	Nil ²
K S Tsang	Nil	-	-	Nil
Maohuai Cong	Nil ¹	-	-	Nil
John Smyth	142,500,000 ¹	-	-	142,500,000
Peter Huljich	35,000,000 ¹	-	-	35,000,000

¹Balance represents the options held at the date of appointment as a director

²Balance represents the options held at the date of resignation as a director

Amani Gold Limited
Directors' Report
For the year ended 30 June 2021

Performance Rights of Key Management Personnel

The numbers of performance rights in the Company held during the financial period by Directors and other Key Management Personnel, including those held by entities they control, are set out below:

	Balance at 1 July 2020	Received as Remuneration	Exercised / Vested	Expired	Balance at 30 June 2021
Directors					
Klaus Eckhof	377,500,000	1,000,000,000	-	-	1,377,500,000
Sik Lap Chan	205,000,000	-	-	-	205,000,000 ²
Grant Thomas	120,000,000	-	-	-	120,000,000 ²
Yu Qiuming	347,500,000	-	-	-	347,500,000 ²
A Truelove	15,000,000	-	-	-	15,000,000 ²
K S Tsang	Nil	-	-	-	Nil
Maohuai Cong	Nil ¹	-	-	-	Nil
John Smyth	Nil ¹	-	-	-	Nil
Peter Huljich	Nil ¹	-	-	-	Nil

¹Balance represents the performance rights held at the date of appointment as a director

²Balance represents the performance rights held at the date of resignation as a director

Loans to key management personnel and their related parties

There were no loans outstanding at the reporting date to key management personnel and their related parties.

Use of Remuneration Consultants

The Company did not use any remuneration consultants during the period.

Voting at the group's 2020 Annual General Meeting

The 2020 Remuneration Report tabled at the 2020 Annual General Meeting received a "yes" vote of 90.09%.

End of Audited Remuneration Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company's Constitution requires it to indemnify directors and officers of any entity within the consolidated entity against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. An indemnity is also provided to the Company's auditors under the terms of their engagement. Directors and officers of the consolidated entity have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium, amounting to \$18,071 (2020 - \$18,191) relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome;
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.'

ENVIRONMENTAL REGULATIONS

The consolidated entity's exploration activities in the Democratic Republic of Congo during the year were subject to environmental laws, regulations and permit conditions in that jurisdiction. There have been no known breaches of environmental laws or permit conditions while conducting operations in the Democratic Republic of Congo during the year.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2020 to 30 June 2021 the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

NON-AUDIT SERVICES

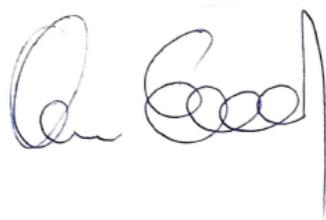
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or consolidated entity is important. During the year ended 30 June 2021 BDO Corporate Finance provided \$Nil (2020: 1,750) in non-audit related services. Refer to Note 4 in the financial statements for further details. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act*.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor, BDO Audit (SA) Pty Ltd, has provided the Board of Directors with an independence declaration in accordance with section 307C of the *Corporations Act 2001*.

The independence declaration is located on the next page.

Signed in accordance with a resolution of Directors.

A handwritten signature in blue ink, appearing to read 'Klaus Eckhof', with a vertical line extending downwards from the end of the signature.

Klaus Eckhof
Executive Chairman
29th September 2021

**DECLARATION OF INDEPENDENCE
BY ANDREW TICKLE
TO THE DIRECTORS OF AMANI GOLD LIMITED**

As lead auditor of Amani Gold Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Amani Gold Limited and the entities it controlled during the period.



Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 29 September 2021

Amani Gold Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from continuing operations	2	48,536	28,345
Cost of sales		-	-
Gross loss		48,536	28,345
Consultants and corporate costs		(706,387)	(1,024,550)
Employee benefits expense		(822,345)	(650,559)
Share based payments expense	3, 14	(719,445)	(638,037)
Depreciation expense		(32,039)	(61,563)
Occupancy expenses		(112,362)	(114,332)
Travel expenses		(2,305)	(69,388)
Foreign exchange gain/(loss)		(137,926)	109,327
Impairment of exploration and evaluation assets	11	(1,014,806)	-
Other		-	(6,664)
Loss before related income tax		(3,499,079)	(2,427,421)
Income tax (expense)/benefit	5	-	-
Loss for the year from continuing operations		(3,499,079)	(2,427,421)
Loss for the year from discontinued operations	9(a)	(689,131)	(1,556,518)
Loss for the year		(4,188,210)	(3,983,939)
Net Loss attributable to:			
Owners of Amani Gold Limited		(4,110,159)	(3,801,519)
Non-controlling interest		(78,051)	(182,420)
		(4,188,210)	(3,983,939)
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		(1,533,332)	658,342
Total comprehensive income for the year		(5,721,542)	(3,325,597)
Total comprehensive income attributable to:			
Owners of Amani Gold Limited		(6,405,579)	(3,086,476)
Non-controlling interest		684,037	(239,121)
		(5,721,542)	(3,325,597)
Earnings/(Loss) per share from continuing operations attributable to the members of Amani Gold Limited			
Basic and diluted loss per share	6	(0.037) cents	(0.041) cents
Earnings/(Loss) per share from discontinued operations attributable to the members of Amani Gold Limited			
Basic and diluted loss per share	6	(0.007) cents	(0.026) cents
Earnings/(Loss) per share from discontinued operations attributable to the members of Amani Gold Limited			
Basic and diluted loss per share	6	(0.044) cents	(0.067) cents

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Amani Gold Limited
Consolidated Statement of Financial Position
As at 30 June 2021

	Notes	2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	8	874,608	1,129,978
Other receivables	9	62,404	417,785
Total Current Assets		937,012	1,547,763
Non-Current Assets			
Property, plant & equipment	10	30,231	148,217
Exploration and evaluation expenditure	11	22,611,498	23,451,883
Total Non-Current Assets		22,641,729	23,600,100
Total Assets		23,578,741	25,147,863
Current Liabilities			
Trade and other payables	12	903,105	1,692,476
Funds received in advance	17	-	985,884
Interest-bearing convertible notes	18	2,100,000	-
Total Current Liabilities		3,003,105	2,678,360
Non-Current Liabilities			
Interest-bearing convertible notes	18	-	2,100,000
Total Non-Current Liabilities		-	2,100,000
Total Liabilities		3,003,105	4,778,360
Net Assets		20,575,636	20,369,503
Equity			
Contributed equity	13	80,352,042	76,642,247
Reserves	15	12,258,954	12,336,495
Accumulated losses		(58,770,006)	(54,659,846)
Capital and reserves attributed to the owners of Amani Gold Limited		33,840,990	34,318,896
Non-controlling interest		(13,265,354)	(13,949,393)
Total Equity		20,575,636	20,369,503

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Amani Gold Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

	Contributed Equity	Accumulated Losses	Option Premium Reserve	Share based Reserves	Foreign Currency Translation Reserve	Non-controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	72,101,504	(50,858,328)	1,531,794	5,931,935	3,465,788	(13,710,272)	18,462,421
Loss for the year	-	(3,801,519)	-	-	-	(182,420)	(3,983,939)
Exchange differences on translation of foreign operations	-	-	-	-	715,042	(56,700)	658,342
Total comprehensive income for the year	-	(3,801,519)	-	-	715,042	(239,120)	(3,325,597)
Transactions with equity holders in their capacity as equity holders							
Share issue	4,797,141	-	53,899	-	-	-	4,851,040
Share issue costs	(256,399)	-	-	-	-	-	(256,399)
Convertible note issues (net of costs)	-	-	-	-	-	-	-
Share based payments expense – options	-	-	-	-	-	-	-
Share based payments expense – rights	-	-	-	638,037	-	-	638,037
Transactions with non-controlling interests	-	-	-	-	-	-	-
Balance at 30 June 2020	76,642,246	(54,659,847)	1,585,693	6,569,972	4,180,830	(13,949,392)	20,369,503

Amani Gold Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

	Contributed Equity	Accumulated Losses	Option Premium Reserve	Share based Reserves	Foreign Currency Translation Reserve	Non-controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	76,642,246	(54,659,847)	1,585,693	6,569,972	4,180,830	(13,949,392)	20,369,503
Loss for the year	-	(4,110,159)	-	-	-	(78,051)	(4,188,210)
Exchange differences on translation of foreign operations	-	-	-	-	(2,295,421)	762,089	(1,533,332)
Total comprehensive income for the year	-	(4,110,159)	-	-	(2,295,421)	684,038	(5,721,542)
Transactions with equity holders in their capacity as equity holders							
Share issue	5,552,500	-	-	-	-	-	5,552,500
Share issue costs	(1,842,704)	-	1,498,435	-	-	-	(344,269)
Convertible note issues (net of costs)	-	-	-	-	-	-	-
Share based payments expense – options	-	-	-	-	-	-	-
Share based payments expense – rights	-	-	-	719,445	-	-	719,445
Transactions with non-controlling interests	-	-	-	-	-	-	-
Balance at 30 June 2021	80,352,042	(58,770,006)	3,084,128	7,289,417	1,885,409	(13,265,354)	20,575,636

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Amani Gold Limited
Consolidated Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash Flows from Operating Activities			
Receipts from customers		67,264	795,876
Payments to suppliers and employees		(2,776,046)	(2,122,434)
Interest received		137	815
Net Cash outflows from Operating Activities	21	(2,708,645)	(1,325,743)
Cash Flows from Investing Activities			
Payments for plant and equipment		(27,610)	(87,383)
Payments for exploration and development expenditure		(1,829,613)	(7,636,362)
Net Cash outflows from Investing Activities		(1,857,223)	(7,723,745)
Cash Flows from Financing Activities			
Proceeds from securities issues		4,566,616	4,797,141
Securities issue expenses		(248,270)	(256,399)
Proceeds from issue of convertible notes	18	-	2,100,000
Net Cash inflows from Financing Activities		4,318,346	6,640,742
Net increase / (decrease) in Cash and Cash Equivalents		(247,522)	(2,408,746)
Cash and cash equivalents at the beginning of the year		1,129,978	3,521,896
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(7,848)	16,828
Cash and Cash Equivalents at End of Year	8	874,608	1,129,978

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

The financial statements are for the consolidated entity consisting of Amani Gold Limited and its subsidiaries (the “group” or the “consolidated entity”). Amani Gold Limited is a listed for-profit public company, incorporated and domiciled in Australia. During the year ended 30 June 2021, the consolidated entity conducted operations in Australia, and the Democratic Republic of Congo. The financial statements have also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

Going Concern Basis

The financial report has been prepared on the basis of accounting principles applicable to a “going concern” which assumes the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

The Group has operating cash inflows, including gold trading sales and interest income, and has incurred net cash outflows from operating and investing activities for the year ended 30 June 2021 of \$4,565,868 (2020: \$9,049,488).

At 30 June 2021, the Group had cash balances of \$874,608 (2020: \$1,129,978).

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group obtains sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Group plans to reduce expenditure significantly, which may result in an impairment loss on the book value of exploration and evaluation expenditure recorded at reporting date.

These conditions give rise to a material uncertainty that may cast doubt upon the Group’s ability to continue as a going concern. The ongoing operation of the Group is dependent upon:

- The Group raising additional funding from shareholders or other parties; and/or
- The Group reducing expenditure in line with available funding.

The Group has the ability to seek to raise funds from shareholders or other investors and intends to raise such funds as and when required to complete its projects. Subsequent to year end, the Group announced that it had received commitments for a two tranche placement to sophisticated and professional investors to raise to \$7 million to fund ongoing exploration activities at the Giro gold projects in the DRC and meet ongoing working capital requirements.

In the longer term, the development of economically recoverable mineral deposits found on the Group’s existing or future exploration properties depends on the ability of the Group to obtain financing through equity financing, debt financing or other means. If the Group’s exploration programs are ultimately successful, additional funds will be required to develop the Group’s properties and to place them into commercial production. The ability of the Group to arrange such funding in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Group. There can be no assurance that the Group will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Group. If adequate financing is not available, the Group may be required to delay, reduce the scope of, or eliminate its current or future exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Group to forfeit its interests in some or all of its properties and reduce or terminate its operations.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the group not continue as a going concern.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Adoption of New and Revised Standards and change in Accounting Standards

Early adoption of accounting standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2020.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the consolidated entity has changed its accounting policies as a result of the adoption of the following standards. All new standards were adopted and did not have any significant impact to the financial performance or position of the consolidated entity.

New and amended standards not yet adopted by the Group

At the date of authorisation of the financial report, a number of Standards and Interpretations including those Standards and Interpretations issued by the IASB/IFRIC, where an Australian equivalent has not been made by the AASB, were in issue but not yet effective for which the Entity has considered it unlikely for there to be a material impact on the financial statements.

Gold Trading

Amani secured Gold Dealer Licence in Tanzania in November 2019 via a 60% equity interest in Amago Trading Limited. The Gold Dealer Licence No. DL013/GTA/2019-2020 was granted to Amago by Ministry of Minerals Mining Commission, The United Republic of Tanzania.

Amago Trading Limited sources gold from local artisanal miners from the Geita region of Tanzania. The gold is smelted at the Amago office and the local miners are paid at an agreed price. The gold is transported to a Hong Kong smelter by a security firm. Amago receives payment for the smelted gold from the Hong Kong gold refinery the same day as is processed. Amago pays the Hong Kong smelter a processing fee of \$8 US per ounce of smelted gold.

Revenue is recognized when control of the goods and services have passed to the gold refinery and costs incurred or to be incurred in respect of the transaction can be measured reliably. Control is considered passed to the gold refinery at the time of “delivery of goods to the customer”, hence revenue is recognized at a point in time.

Statement of Compliance

These financial statements were authorised for issue on 29 September 2021.

The consolidated financial statements comprising the financial statements and notes thereto, comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Amani Gold Limited (the “Company”) and subsidiaries. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity.

Parent Entity Financial Information

The financial information for the parent entity, Amani Gold Limited, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments readily convertible to cash.

Foreign currency transactions and balances

The functional and presentation currency of Amani Gold Limited is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period.

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

The functional currencies of the overseas subsidiaries are as follows:

Democratic Republic of Congo, Hong Kong, Tanzania and Kenya subsidiaries United States Dollars (USD).

At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Amani Gold Limited at the closing rate at the end of the reporting period and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

Taxes

Income tax

Deferred income tax is provided for on all temporary differences at reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each reporting date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

At the reporting date, the Directors have not made a decision to elect to be taxed as a single entity. In accordance with Australian Accounting Interpretations, “Substantive Enactment of Major Tax Bills in Australia”, the financial effect of the legislation has therefore not been brought to account in the financial statements for the year ended 30 June 2021, except to the extent that the adoption of the tax consolidation would impair the carrying value of any deferred tax assets.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables on the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Property, plant and equipment

Items of plant and equipment are carried at cost less accumulated depreciation and impairment losses (see accounting policy “impairment testing”).

Plant and equipment

Plant and equipment acquired is initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Depreciation

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives commencing from the time the asset is held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. The estimated useful lives used in the calculation of depreciation for plant and equipment for the current and corresponding period are between three and ten years.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

Mineral interest acquisition, exploration and development expenditure

Mineral interest acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and either the costs are expected to be recouped through the successful development and commercial exploitation of the area of interest or where exploration activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

Impairment testing

The carrying amount of the consolidated entity's assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Where such an indication exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Contributions are made by the consolidated entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Convertible Notes

Compound financial instruments issued by the Group comprise convertible notes that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest related to the financial liability is recognised in the statement of profit or loss and other comprehensive income. On conversion the financial liability is reclassified to equity and no gain or loss is recognised.

Earnings per share

Basic earnings per share is determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and any expenses associated with dividends and interest of dilutive potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) adjusted for any bonus element.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Share based payments

The Group provides compensation benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a Black Scholes model or similar such market based valuation models.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief decision maker has been identified as the Board of Directors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas that may have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(a) *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(b) *Exploration and evaluation expenditure*

In accordance with accounting policy note described above under "Mineral interest acquisition, exploration and development expenditure" the Board determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made.

As described in Note 19, under existing contractual terms of a shareholder agreement a feasibility study was required to be completed by 31st December 2018 at the Giro Gold Project. Based on the amendment to the shareholder agreement, concluded in December 2017, with Societe Miniere De Kilo Moto SA ("Sokimo"), a company wholly owned by the DRC Government (the original holder of the Giro exploitation permits), an agreement was reached between the parties that the deadline for completion of the feasibility study would be extended up to 31st December 2018. A draft feasibility study is with JV partner SOKIMO and Ministry of Mines for review and a further extension to complete the feasibility study by end 2020 has been agreed with SOKIMO.

Amani has requested a quote from Beijing General Institute of Mining and Metallurgy (BGRIMM) to update the Giro Feasibility Study given that the Giro global resource estimates have substantially increased since the initial Feasibility Study which was based on Kebigada resource estimate of 75Mt @ 1.18g/t Au, for 2.9Moz gold (0.6g/t Au cut-off grade, see ASX Announcement 27 August 2017). New combined Indicated and Inferred Mineral Resource Estimate for Kebigada and Douze Match deposits is 132Mt @ 1.04g/t Au, for 4.4Moz contained gold (0.5g/t Au cut-off grade, see ASX Announcement 19 March 2020).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

At the date of this report, feasibility study discussion have not formally concluded with Sokimo and no decision to mine has been made.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Significant judgment is involved in determining the recoverable amount for an exploration and evaluation, refer to note 11 for details.

(c) Share Based Payments to employees

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options with non-market conditions is determined by an internal valuation using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The fair value of performance rights with market conditions is determined by an internal valuation using a Trinomial Barrier option pricing model.

(d) Control Over Subsidiaries

In determining whether the consolidated group has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the consolidated group to control the day to day activities of the partly owned subsidiary and its economic outcomes. In exercising this judgement, the commercial and legal relationships that the consolidated group has with other owners of partly owned subsidiaries are taken into consideration. Whilst the consolidated group is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the consolidated group where it is determined that the consolidated group controls the day to day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiaries could result in a loss of control and subsequently de-consolidation.

During the year ended 30 June 2015, Amani Gold Limited acquired 85% of the issued shares of Amani Consulting sarl (Amani Consulting) by the issue of shares, options and cash. Amani Consulting holds a 65% shareholding in Giro Goldfields sarl (Giro). Giro explores the Giro gold project in the Haut-Uele Province, northeast DRC. Under the terms of shareholders agreements the Company is at this stage solely responsible for funding exploration activities and therefore has control over the day to day activities and economic outcomes of Amani Consulting and Giro. Future changes to the shareholders agreements may impact on the ability of the Company to control Amani Consulting and Giro.

(e) Contingent liabilities

Under the terms of the agreement to acquire an interest in Amani Consulting sarl (Amani Consulting) the Company may be liable in the future to make additional payments subject to certain events occurring as described in Note 19.

After an assessment of the conditions that would require these payments to be made in the future, the Company has judged that these possible future payments are a contingent liability.

Change in circumstances or the future occurrence of specified events may cause liabilities that are currently assessed as being contingent to be reclassified as financial liabilities.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(f) Tax in foreign jurisdictions

The consolidated entity operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to income tax, goods and services tax, withholding tax and employee income tax. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss in the period in which they are settled.

Consolidated	
2021	2020
\$	\$

2. REVENUE

Other revenue includes the following:

Interest - other parties	137	412
Other	<u>48,399</u>	<u>27,933</u>
	<u>48,536</u>	<u>28,345</u>

- (a) During the previous year Amani secured a Gold Dealer Licence in Tanzania via a 60% equity interest in Amago Trading Ltd. The Gold Dealer Licence permits Amago to buy, sell or deal in gold to produce a revenue stream for Amani.

3. EXPENSES

During the year share based payments expense of \$719,445 (2020: \$638,037) were recorded as an expense with a further \$1,498,435 (2020: \$256,399) recorded in equity as share issue costs related to a capital raising. \$52,500 (2020: \$23,013) was recorded as interest expenses on Convertible Notes issued during the year.

4. AUDITOR'S REMUNERATION

Audit services:

- Amounts paid or payable to auditors of the Group – BDO Audit (WA) Pty Ltd	-	<u>62,247</u>
Amounts paid or payable to auditors of the Group – BDO Audit (SA) Pty Ltd	<u>51,656</u>	<u>-</u>

In addition, during the year BDO Corporate Finance provided \$Nil (2020: \$2,500) in non-audit related services.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

Consolidated

2021 **2020**
\$ **\$**

5. INCOME TAX EXPENSE

(a) The prima facie tax benefit at 26% (2020: 27.5%) on loss for the year is reconciled to the income tax provided in the financial statements as follows:

Profit / (loss) before income tax	(4,188,935)	(3,983,939)
Prima facie income tax expense / (benefit) @ 26%	(1,088,935)	(1,095,583)
Tax effect of permanent differences:		
Capital raising costs	(89,510)	(124,914)
Legal fees	-	25,281
Changes in tax rates	828,912	-
Prior period adjustment	(20,589)	-
Exploration expenses	(511,182)	(2,093,848)
Impairment	262,248	-
Employee option expense / share based payments	187,056	(175,460)
	(432,000)	(3,346,524)
Income tax benefit not brought to account	432,000	3,464,524
Income tax expense	-	-

(b) **The following deferred tax balances have not been recognised:**

Deferred Tax Assets at 26% (2020: 27.5%):

- Carry forward revenue losses	15,437,567	15,011,426
- Capital raising costs	139,104	182,584
- Provisions and accruals	31,463	(17,875)
	15,608,134	15,176,135

The tax benefits of the above deferred tax assets will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the Group in utilising benefits.

Deferred tax liabilities in relation to capitalised exploration costs have been recognised and offset against deferred tax assets above.

Consolidated

2021 **2020**
Cents **Cents**

6. EARNINGS PER SHARE

Basic and diluted loss per share- Continuing Operations	(0.036)	(0.041)
Basic and diluted loss per share – Discontinued Operations	(0.007)	(0.026)

2021 **2020**
Number **Number**

Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share

9,563,414,829 **5,963,164,059**

The Company's potential ordinary shares, being its options and performance rights granted, are not considered dilutive as the conversion of these options would result in a decrease in the net profit per share.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

7. SEGMENT INFORMATION

The Directors have determined that the Group has two reportable segments, being mineral exploration and gold trading in Africa. As the Group is focused on mineral exploration and gold trading. The Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest for exploration activities. The Board monitors the Group based on actual versus budgeted gold sales incurred by area of interest (Tanzania).

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

	Revenue from external sources \$	Reportable segment loss \$	Reportable segment assets \$	Reportable segment liabilities \$
For the year end 30 June 2021				
Gold Trading				
Investment in Gold Trading	-	(99,854)	-	-
Mineral Exploration				
Exploration Activity	-	(4,088,356)	23,629,174	(3,003,105)
Total	-	(4,188,210)	23,629,174	(3,003,105)
For the year end 30 June 2020				
Gold Trading				
Investment in Gold Trading	795,876	(427,859)	154,658	(490,097)
Mineral Exploration				
Exploration Activity	-	(3,556,080)	24,993,205	(4,288,734)
Total	795,876	(3,983,939)	25,147,863	(4,768,831)

	Consolidated	
	2021	2020
	\$	\$
8. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	874,608	1,129,978

- Cash at bank earns interest at floating rates based on daily bank deposit rates. Refer Note 16.

	Consolidated	
	2021	2020
	\$	\$
9. OTHER RECEIVABLES		
Current		
Other receivables	33,028	417,785
Asset held for Sale – Refer (a)	29,376	-
	62,404	417,785

None of the reported receivables are past due or require impairment.

Refer to Notes 16(a) and 16(b) for information about the Group's exposure to credit and liquidity risk.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

9(a) – Discontinued Operations

During the year, the Group entered into an exclusive, binding conditional term sheet for the sale of shares in of Amani Minerals HK for consideration of \$60,000 USD.

As a result, the Group has classified the Amani Minerals HK and its' subsidiaries as a discontinued operation in the 30 June 2021 annual report. Total Net asset of Amani Minerals Hong Kong was \$29,376 which is the lower of the carrying value less cost to sell. Losses for discontinued operations amount to \$689,131(2020: \$1,556,518).

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2021	2020
	\$	\$
<i>Plant and equipment</i>		
At cost	536,635	621,962
Less accumulated depreciation	(506,404)	(473,745)
	30,231	148,217

Reconciliation

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period.

Balance at the beginning of the year	148,217	257,093
Additions	27,610	87,384
Disposals	(50,315)	(8,926)
Depreciation expense	(89,081)	(190,256)
Foreign currency translation difference movement	(6,199)	2,922
Carrying amount at the end of the year	30,231	148,217

11. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2021	2020
	\$	\$
<i>Exploration and evaluation phase – at cost</i>		
Balance at the beginning of the year	23,451,883	15,248,690
Expenditure incurred during the year	(a) 1,966,085	7,613,992
	(b)	
Impairment	(1,014,806)	-
Foreign currency translation difference movement	(1,791,664)	589,201
Carrying amount at the end of the year	22,611,498	23,451,883

The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(a) During the previous year, Amani Group has issued 699,047,035 shares to Shining Mining Limited at an issue price of \$0.003 per Share to raise up to \$2,097,141. The raised amount was applied to set off an outstanding amount due the Company's joint venture partner Société Minière de Kilo-Moto SA (SOKIMO).

On the formation of the Giro Gold Project Joint Venture in 2012 and as part of the agreed terms of the agreement with SOKIMO, the Company was required to make a USD 5.0 million payment. The Company has an outstanding amount of USD\$ 897,606 recorded as a contingent liability as detailed in note 19 given a final feasibility study and decision to mine has yet to be made.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

11. EXPLORATION AND EVALUATION EXPENDITURE – continued

The sole director of Shining Mining provided a personal loan to SOKIMO of approximately USD 1.45 million in 2018 under an arrangement that has no association with the Company and its activities in the DRC. The director of Shining Mining made a confidential approach to the Company in July 2019 to propose an arrangement whereby the amount he lent to SOKIMO is settled by the issue of the Company's shares to Shining Mining at an issue price of \$0.003 per share and that the amount of \$2,097,141 would be offset against the above mentioned contingent liability.

The shares were issued to Shining Mining on 20 April 2020 and the amount of \$2,097,141 was to settle a liability to Simon Cong, the sole shareholder of Shining Mining. It has been recognized as exploration and evaluation expenditure during the previous financial year as this relates to the tenement for the appropriate Giro project.

Amani Group has also recognized the settlement US\$850,000 outstanding goodwill to SOKIMO in cash during the previous financial year.

- (b) During the previous year, Amani Group conducted diamond core drilling operations (drillholes GRDD034 and GRDD035) at Kebigada Gold deposit, Giro Gold Project. Drilling targeted deeper high-grade sulphide associated gold mineralisation within the central core of Kebigada deposit. Drillholes GRDD034 and GRDD035 both successfully targeted deeper high-grade sulphide associated gold mineralisation within the central core of Kebigada deposit and these assays are the deepest yet at Kebigada. Reverse circulation drilling was also completed at Peteku prospect, Giro Gold Project targeted near surface gold mineralisation below a regional gold in soil anomaly. These activities, at a cost of approximately 625,092 (direct drilling charges and assay costs) during the previous reporting period, are included in the above expenditure incurred during the previous period.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

Impairment

For the consolidated entity has written off an exploration and evaluation asset of \$1,008,647 relating the capitalised expenditure of Gada project. On 23 December 2020, Amani announced that further detailed due diligence including technical and legal aspects, along with recent field inspects of tenement areas by field geologist, the Company has decided not to pursue the Gada Project.

Consolidated	
2021	2020
\$	\$

12. TRADE AND OTHER PAYABLES

Current

Trade and other payables	903,105	1,692,476
	903,105	1,692,476

Terms and conditions relating to the above financial instruments:

- Trade and other creditors are non-interest bearing and are normally settled on 30 day terms.

Risk exposure:

- Information about the group's risk exposure to foreign exchange risk is provided in Note 16.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

13. CONTRIBUTED EQUITY

CONSOLIDATED

2021 **2020**
\$ **\$**

(a) Issued and paid-up share capital

Ordinary shares, fully paid 12,386,996,747 (2020: 6,834,496,747)

80,352,042 **76,642,247**

Movements in Ordinary Shares:

Details

Number of \$
Shares

Balance at 1 July 2019	5,213,227,494	72,101,504
August 2019 placement at \$0.003 per share	833,333,330	2,500,000
January 2020 placement at \$0.00225 per share	88,888,888	200,000
April 2020 placement at \$0.003 per share	699,047,035	2,097,141
Less: Share issue costs	-	(256,399)
Balance at 30 June 2020	6,834,496,747	76,642,246
Balance at 1 July 2020	6,834,496,747	76,642,246
July 2020 placement at \$0.001 per share	1,003,700,000	1,003,700
Nov 2020 placement at \$0.001 per share	1,548,800,000	1,548,800
Feb 2021 placement at \$0.001 per share	1,400,000,000	1,400,000
Feb 2021 placement at \$0.001 per share	1,600,000,000	1,600,000
Less: Share issue costs	-	(1,842,704)
Balance at 30 June 2021	12,386,996,747	80,352,042

(b) Listed Share Options

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2020	Issued 2020/21	Exercised/Cancelled/Expired 2020/21	Closing Balance 30 June 2021
			Number	Number	Number	Number
15 Jan 2021 – 15 Jan 2024	(i)	\$0.0015	-	1,500,000,000	-	1,500,000,000
15 Jan 2021 – 15 Jan 2024		\$0.0015	-	6,828,747,997	-	6,828,747,997
			-	8,328,747,997	-	8,328,749,997

- (i) 1.5 billion listed options were issued to a corporate advisor as part of the cost for a placement. With each option having an exercise price of \$0.0015 and expiry date three years from date of issue. The fair value of the Listed Options estimated was \$1,498,435. None of the Listed Options vested during the reporting period. An amount of \$1,498,435 was recognized as share issue costs within contributed equity in the current period.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

13. CONTRIBUTED EQUITY - continued

The fair value per Listed Options and the following inputs were used in the valuation model:

Listed Options	
Grant Date	15-Oct-2020 ¹
Expiry Date	15-Jan-2024
Underlying security price at issue (\$)	\$0.0010
Exercise Price	\$0.0015
Expected Volatility	385%
Risk-free rate	0.25%
Life of Options	3 years
Fair Value per Listed Options (\$)	\$0.0010

¹For accounting purposes the grant date is considered the date of the general meeting where the issue of options was approved. The options were actually issued on 15 January 2021.

(c) Unlisted Options

2021 - Options to take up ordinary shares in the capital of the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2020	Options Issued 2020/21	Exercised/ Cancelled/ Expired 2020/21	Closing Balance 30 June 2021
			<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
15 Apr 2016 – 31 Dec 2020	(i)	0.03	7,500,000	-	(7,500,000)	-
15 Apr 2016 – 31 Dec 2020	(i)	0.04	7,500,000	-	(7,500,000)	-
15 Apr 2016 – 31 Dec 2020	(i)	0.05	7,500,000	-	(7,500,000)	-
27 May 2019 – 27 May 2022	(iii)	0.0075	40,000,000	-	-	40,000,000
27 May 2019 – 27 May 2022	(iii)	0.01	40,000,000	-	-	40,000,000
27 May 2019 – 27 May 2022	(iii)	0.0125	40,000,000	-	-	40,000,000
15 Jan 2020 – 15 Jan 2023	(iv)	0.0075	12,000,000	-	-	12,000,000
15 Jan 2020 – 15 Jan 2023	(iv)	0.01	12,000,000	-	-	12,000,000
15 Jan 2020 – 15 Jan 2023	(iv)	0.0125	12,000,000	-	-	12,000,000
			<u>178,500,000</u>	<u>-</u>	<u>(22,500,000)</u>	<u>156,000,000</u>
Weighted average exercise price (\$)			0.0138	-	0.04	0.0100

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

13. CONTRIBUTED EQUITY - continued

2020 - Options to take up ordinary shares in the capital of the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2019	Options Issued 2019/20	Exercised/ Cancelled/ Expired 2019/20	Closing Balance 30 June 2020
			Number	Number	Number	Number
15 Apr 2016 – 31 Dec 2020	(i)	0.03	7,500,000	-	-	7,500,000
15 Apr 2016 – 31 Dec 2020	(i)	0.04	7,500,000	-	-	7,500,000
15 Apr 2016 – 31 Dec 2020	(i)	0.05	7,500,000	-	-	7,500,000
2 Nov 2016 - 2 Nov 2019	(ii)	0.08	9,500,000	-	(9,500,000)	-
2 Nov 2016 - 2 Nov 2019	(ii)	0.1	9,500,000	-	(9,500,000)	-
27 May 2019 – 27 May 2022	(iii)	0.0075	40,000,000	-	-	40,000,000
27 May 2019 – 27 May 2022	(iii)	0.01	40,000,000	-	-	40,000,000
27 May 2019 – 27 May 2022	(iii)	0.0125	40,000,000	-	-	40,000,000
15 Jan 2020 – 15 Jan 2023	(iv)	0.0075	-	12,000,000	-	12,000,000
15 Jan 2020 – 15 Jan 2023	(iv)	0.01	-	12,000,000	-	12,000,000
15 Jan 2020 – 15 Jan 2023	(iv)	0.0125	-	12,000,000	-	12,000,000
			161,500,000	36,000,000	(19,000,000)	178,500,000
Weighted average exercise price (\$)			0.0236	0.01	0.09	0.0138

- (i) In the 2016 year, 22.5 million options were issued to a corporate advisor for equity market and strategic advice in market positioning and corporate strategy. These expired during the year.
- (ii) In the 2017 year, 19 million options were issued under the Employee Option Plan for nil consideration as part of the remuneration package of employees of the Company. Refer to Note 14 for further details.
- (iii) In the 2019 year, 120 million options were issued to a corporate advisor for equity market and strategic advice in market positioning and corporate strategy.
- (iv) In the 2020 year, 36 million options were issued to a corporate advisor for financial advisory services.

The weighted average contractual life of the unlisted options are 1.07 (2020: 1.50) years.

None of the options have any voting rights, any entitlement to dividends or any entitlement to the proceeds of liquidation in the event of a winding up.

(d) Performance Rights

2021 - Performance Rights over ordinary shares in the capital of the Company have been granted as follows:

Expiry date	Note	Opening Balance 1 July 2020	Issued 2020/21	Exercised/ Cancelled 2020/21	Closing Balance 30 June 2021
		Number	Number	Number	Number
31 December 2020	(i)	60,000,000	-	(60,000,000)	-
27 May 2022	(ii)	687,000,000	-	-	687,000,000
31 December 2021	(iii)	30,000,000	-	-	30,000,000
31 December 2022	(iv)	349,999,998	-	-	349,999,998
25 February 2024	(v)	-	1,000,000,000	-	1,000,000,000
		1,126,999,998	1,000,000,000	(60,000,000)	2,066,999,998

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

13. CONTRIBUTED EQUITY - continued

2020 - Performance Rights over ordinary shares in the capital of the Company have been granted as follows:

Expiry date	Note	Opening Balance 1 July 2019	Issued 2019/20	Exercised/ Cancelled 2019/20	Closing Balance 30 June 2020
		<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
31 December 2020	(i)	-	60,000,000	-	60,000,000
27 May 2022	(ii)	-	687,000,000	-	687,000,000
31 December 2021	(iii)	-	30,000,000	-	30,000,000
31 December 2022	(iv)	-	349,999,998	-	349,999,998
		<u>777,000,000</u>	<u>349,999,998</u>	<u>-</u>	<u>1,126,999,998</u>

- (i) Performance rights vest subject to meeting specific performance conditions. 60 million performance rights were issued comprising three tranches of 20 million each. All tranches of performance rights have market vesting conditions being share prices of \$0.02 (tranche 1); \$0.04 (tranche 2); and \$0.06 (tranche 3) or more over a consecutive 20 day business period. Each right is converted to one ordinary share upon vesting. No performance rights vested during the year.
- (ii) Performance rights vest subject to meeting specific performance conditions. 687 million performance rights were issued comprising three tranches of 229 million each. All tranches of performance rights have market vesting condition being share prices of \$0.0075 (tranche 1); \$0.01 (tranche 2); and \$0.0125 (tranche 3) or more over a consecutive 10 day business period. Each right is converted to one ordinary share upon vesting. No performance rights vested during the year.
- (iii) Performance rights vest subject to meeting specific performance conditions. 30 million performance rights were issued comprising three tranches of 10 million each. All tranches of performance rights have market vesting condition being share prices of \$0.0075 (tranche 1); \$0.01 (tranche 2); and \$0.0125 (tranche 3) or more over a consecutive 10 day business period. Each right is converted to one ordinary share upon vesting. No performance rights vested during the year.
- (iv) Performance rights vest subject to meeting specific performance conditions. 350 million performance rights were issued comprising three tranches of 117 million each. All tranches of performance rights have market vesting condition being share prices of \$0.0075 (tranche 1); \$0.01 (tranche 2); and \$0.0125 (tranche 3) or more over a consecutive 10 day business period. Each right is converted to one ordinary share upon vesting. No performance rights vested during the year.
- (v) Performance rights vest subject to meeting specific performance conditions. 1 billion performance rights were issued comprising three tranches of 333.333 million each. All tranches of performance rights have market vesting condition being share prices of \$0.0015 (tranche 1); \$0.002 (tranche 2); and \$0.003 (tranche 3) or more over a consecutive 20 day business period. Each right is converted to one ordinary share upon vesting.

(e) Terms and conditions of contributed equity

Ordinary Shares:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

14. SHARE BASED PAYMENTS EXPENSE

Employee Option Plan

In August 2007, the Company adopted the Amani Gold Limited Employee Option Plan (“Plan”). The Plan allows Directors from time to time to invite eligible employees to participate in the Plan and offer options to those eligible persons. The Plan is designed to provide incentives, assist in the recruitment, reward, retention of employees and provide opportunities for employees (both present and future) to participate directly in the equity of the Company. The contractual life of each option granted is three years or as otherwise determined by the Directors. There are no cash settlement alternatives. During the current and prior year no options were issued to employees of the Company (refer to Note 13(c)).

Non Plan based payments

The Company also makes share based payments to consultants and / or service providers from time to time, not under any specific plan. The Amani Gold Limited Employee Option Plan does not allow for issue of options to the directors of the parent entity. Hence, specific shareholder approval is obtained for any share based payments to directors of the parent entity. Nil options (2020: 36 million) were issued during the year under an engagement letter with a corporate advisor for services related to raising of new capital.

The expense recognised in the statement of profit or loss and other comprehensive income in relation to share-based payments is disclosed in Note 3.

Expenses arising from share-based payment transactions

Other share based payments, not under any plans, are as follows (with additional information provided in Note 13 above):

	2021	2021	2020	2020
	Number	\$	Number	\$
2019 Performance rights to director, Mr Yu (i)	30,000,000	12,500	30,000,000	30,000
2019 Performance rights to director, Mr Chan (i)	30,000,000	12,500	30,000,000	30,000
2019 Performance rights to director, Mr Yu (ii)	180,000,000	104,000	180,000,000	104,000
2019 Performance rights to director, Mr Chan (ii)	135,000,000	78,000	135,000,000	78,000
2019 Performance rights to director, Mr Eckhof (ii)	240,000,000	138,667	240,000,000	138,667
2019 Performance rights to director, Mr Thomas (ii)	90,000,000	52,000	90,000,000	52,000
2019 Performance rights to director, Mr Truelove (ii)	15,000,000	8,667	15,000,000	8,667
2019 Performance rights to other parties (ii)	27,000,000	15,600	27,000,000	15,600
2019 Performance rights to other parties (iii)	30,000,000	25,548	30,000,000	25,548
2020 Performance rights to director, Mr Yu (iv)	137,500,000	91,667	137,500,000	61,111
2020 Performance rights to director, Mr Chan (iv)	40,000,000	26,667	40,000,000	17,778
2020 Performance rights to director, Mr Eckhof (iv)	137,500,000	91,667	137,500,000	61,111
2020 Performance rights to director, Mr Thomas (iv)	30,000,000	20,000	30,000,000	13,333
2020 Performance rights to other parties (iv)	4,999,998	3,333	4,999,998	2,222
2021 Performance rights to Mr Eckhof (v)	1,000,000,000	38,630	-	-
Total	2,126,999,998	719,445	1,126,999,998	638,037

- (i) 60 million performance rights were granted during the year ended 30 June 2019 (refer to Note 13(d) for more information). The fair value of the performance rights estimated at that time was \$120,000. None of the performance rights vested during the current year. A balance of \$25,000 was recognised as a share based payment expense in the current year.
- (ii) 687 million performance rights were granted during the year ended 30 June 2019 (refer to Note 13(d) for more information). The fair value of the performance rights estimated at that time was \$1,190,800. None of the performance rights vested during the current year. A balance of \$396,934 was recognised as a share based payment expense in the current year.
- (iii) 30 million performance rights were granted during the year ended 30 June 2019 (refer to Note 13(d) for more information). The fair value of the performance rights estimated at that time was \$66,000. None of the performance rights vested during the current year. A balance of \$25,548 was recognised as a share based payment expense during the year.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

14. SHARE BASED PAYMENTS EXPENSE – continued

- (iv) 350 million performance rights were granted during the year ended 30 June 2020 (refer to Note 13(d) for more information). The fair value of the performance rights estimated at that time was \$700,000. None of the performance rights vested during the current year. A balance of \$233,333 was recognised as a share based payment expense during the year.
- (v) 1 billion performance rights were granted during the year ended 30 June 2021 (refer to Note 13(d) for more information). The fair value of the performance rights estimated at that time was \$695,333. None of the performance rights vested during the current year. A balance of \$38,630 was recognised as a share based payment expense during the year. This was valued using the Barrier pricing model.

The fair value per Performance Right and the following inputs were used in the valuation model:

Performance Rights	Tranche 1	Tranche 2	Tranche 3
Grant Date	30/4/2021	30/4/2021	30/4/2021
Expiry Date	29/04/2024	29/04/2024	29/04/2024
Fair Value per Performance Right (\$)	0.00073	0.00071	0.00063
Exercise Price	Nil	Nil	Nil
Expected volatility	110%	110%	110%
Risk-free rate	0.10%	0.10%	1.02%
Life of rights	3 years	3 years	3years
Underlying security price at issue (\$)	0.001	0.001	0.001

The fair value of the equity-settled share options and performance rights granted is estimated as at the date of grant using the Black Scholes model or the Barrier pricing model as appropriate, and taking into account the terms and conditions upon which the options and rights were granted, including by reference to the market value of the shares trading on the Australian Securities Exchange (ASX) on or around the date of grant. No new options were granted during the year, other than those issued to advisors as located in note 13(b).

The total share based payment expense of \$719,445(2020: \$638,037) during the year ended 30 June 2021.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

15. RESERVES

The following table shows a breakdown of the statement of financial position line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Consolidated	
	2021	2020
	\$	\$
Share based payments reserve (Note 15a)	7,289,417	6,569,972
Option premium reserve (Note 15b)	3,084,128	1,585,693
Foreign currency translation reserve (Note 15c)	1,885,409	4,180,830
	<u>12,258,954</u>	<u>12,336,495</u>
Non-controlling interest reserve (Note 15d)	(13,265,354)	(13,949,392)
(a) Movement During the Year – Share based payment		
Opening balance	6,569,972	5,931,935
Issue of options and performance rights	719,445	638,037
Closing balance	<u>7,289,417</u>	<u>6,569,972</u>
(b) Movement During the Year – Option premium		
Opening balance	1,585,693	1,531,794
Issue of options	1,498,435	53,899
Closing balance	<u>3,084,128</u>	<u>1,585,693</u>
(c) Movement During the Year – Foreign Currency Translation		
Opening balance	4,180,830	3,465,788
Foreign currency translation differences	(2,295,421)	715,042
Closing balance	<u>1,885,409</u>	<u>4,180,830</u>
(d) Movement During the Year – Non-controlling interest		
Opening balance	(13,949,392)	(13,710,272)
NCI share of loss for the year	(78,051)	(182,420)
Foreign currency translation differences	762,089	(56,700)
Closing balance	<u>(13,265,354)</u>	<u>(13,949,392)</u>

Nature and purpose of reserves

Share based payment Reserve

The share based payments reserve is used to record the fair value of options and performance rights issued but not exercised.

Option Premium Reserve

Option premium reserves is used to record the fair value for the issue of options to subscribe for ordinary shares in the Company.

Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

16. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(i) Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

(ii) Receivables

As the Group operates in the mineral exploration sector rather than trading, it does not have receivables.

Presently, the Group undertakes exploration and evaluation activities in the DRC. At the reporting date there were no significant concentrations of credit risk.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group does not have any material risk exposure to any single debtor or group of debtors. A very large proportion of the bank deposits are held in Australia with leading banks and a minor percentage of the Group's bank deposits is held in well established DRC banks.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Due to the nature of the Group's activities and the present lack of operating revenue, the Group has to raise additional capital from time to time in order to fund its exploration activities. The decision on how and when the Group will raise future capital will depend on market conditions existing at that time and the level of forecast activity and expenditure.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least three to six months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following table details the Group's expected maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date on which the Group can be required to pay.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

16. FINANCIAL RISK MANAGEMENT – continued

	Less than 6 months \$	6 – 12 months \$	Over 1 year \$	Total \$
Group at 30 June 2021				
Financial Liabilities:				
Current:				
Trade and other payables	903,106	-	-	903,106
Short-term borrowings	-	2,100,000	-	2,100,000
Total Financial Liabilities	903,106	2,100,000	-	3,003,106
	Less than 6 months	6 – 12 months	Over 1 year	Total
Group at 30 June 2020				
Financial Liabilities:				
Current:				
Trade and other payables	1,591,561	100,914	-	1,692,476
Short-term borrowings	-	-	2,100,000	2,100,000
Total Financial Liabilities	1,591,561	100,914	2,100,000	3,792,476

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to mitigate market risk exposures such as predicting the amount of foreign currencies on a quarterly basis and monitoring closely exchange rates fluctuations.

The company's assets include 4.65 million shares in Blox Inc. The Company is exposed to fluctuations in the share price of Blox Inc. The investment will be recorded at fair value at each reporting date, with changes in value recognised directly in other comprehensive income. As at 30 June 2020 and 2021, the investment has been impaired to nil.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities, primarily the Australian dollar (AUD). The currencies in which these transactions are primarily denominated are AUD and USD.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

16. FINANCIAL RISK MANAGEMENT – continued

(ii) Exposure to foreign exchange risk

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date explained in Australian dollars are as follows:

	Notes	30 June 2021		30 June 2020	
		Assets \$	Liabilities \$	Assets \$	Liabilities \$
United States Dollar		448,247	612,936	456,796	665,454
Hong Kong Dollar		9,037	-	2,304	-
Tanzania Shillings		73,107	4,236	88,760	684
		530,931	617,172	547,860	666,138

The following significant exchange rates applied during the year:

Notes	Average rate		Reporting date spot rate	
	2021 \$	2020 \$	2021 \$	2020 \$
United States Dollar	0.74	0.67	0.75	0.69
Hong Kong Dollar	5.79	5.23	5.83	5.31
Tanzania Shillings	0.00058	0.00065	0.00061	0.00063

There has been no material exposure to non functional currency amounts during the financial year.

(iii) Sensitivity analysis

A 10 percent strengthening (based on forward exchange rates) of the Australian dollar against the above currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Notes	Consolidated	
		2021 \$	2020 \$
+10% Strengthening of the Australian Dollar			
(Profit) or loss	(i)	(5,776)	(12,686)
Equity	(ii)	22,706	10,962
-10% Weakening of the Australian Dollar			
(Profit) or loss	(i)	7,103	15,505
Equity	(ii)	(26,033)	(13,398)

(i) this is mainly attributable to the exposure on USD cash

(ii) this is mainly related to the translation of foreign operations at reporting date

(iv) Interest Risk

The Group’s exposure to the risk of changes in market interest rate relates primarily to the Group’s cash and cash equivalents. At 30 June 2021 the weighted average interest rate on cash and cash equivalents was \$Nil (2020: \$Nil).

Sensitivity analysis

An increase of 50 basis points in interest rates would not have had a material impact on the Consolidated Entity’s profit or loss.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

16. FINANCIAL RISK MANAGEMENT – continued

(d) Net fair values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

(e) Capital risk management

Management controls the capital of the Group in order to ensure that the Group can fund its operations on an efficient and timely basis and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's cash projections up to twelve months in the future and any associated financial risks. Management will adjust the Group's capital structure in response to changes in these risks and in the market.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

17. FUNDS RECEIVED IN ADVANCE

In the prior year the Company completed a bookbuild for a two tranche placement to sophisticated and professional investors to raise up to \$2.55 million ("Placement") to fund ongoing exploration activities at the Giro and Gada gold projects in the DRC and meet ongoing working capital requirements.

Under the fundraising, the Company agreed to issue up to 2,550 million fully paid ordinary shares at an issue price of 0.1 cents per share (Placement Shares), raising up to \$2.55 million (before costs).

A total of \$985,884 was received from investors as at 30 June 2020 and was recognized as funds received in advance.

Tranche 1 of the Placement, which comprises 1,003,700,000 Shares, was issued under the Company's existing placement capacity under ASX Listing Rule 7.1, was completed on 2 July 2020.

Tranche 2 of the Placement was approved by shareholders in the general meeting on 15 October 2020. There is no funds received in advance as at 30 June 2021.

18. CONVERTIBLE NOTES

During the previous year the Company issued unsecured convertible notes with a face value of \$2,100,000 as part of a capital raising exercise.

Terms of the convertible note are as follows:

- i. Maturity date – 24 months from the date of advance;
- ii. Interest payable – 2.5% per annum, commencing 4 months from the date of issue;
- iii. Repayment: The Company could elect to repay all or part of the outstanding convertible notes at any time prior to the maturity date. In addition, the Subscriber could elect to convert any of the convertible notes into new shares at \$0.003 per share.

The issue of shares upon conversion of the notes was approved at a meeting of shareholders convened on 25 March 2020.

During the reporting period the subscriber has not elect to convert any convertible notes to shares.

The convertible notes are classified as liability as NeoGold has the sole discretion to convert and if NeoGold does not elect to convert, the Company has the obligation to repay the principal. The convertible remains outstanding as at 30 June 2021.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

19. CONTINGENCIES

If 3moz (measured and indicated category) gold resources at a cut-off grade of 2.5g/t Au are estimated at the Giro Project, Amani will be required to pay US\$5,350,000 to the former shareholders of Amani Consulting sarl (“Amani Consulting”) from whom Amani acquired its 85% interest in the capital of Amani Consulting. At Amani’s election, 50% of this amount can be settled by an issue of Amani shares at the then market value of Amani shares. In any case, the liability for this amount of US\$5.35M only falls due for payment upon drawdown of development funds. At the date of this report, the condition has not been met.

Under existing contractual terms of a shareholder agreement a feasibility study was required to be completed by 31st December 2018 at the Giro Gold Project. Based on the amendment to the shareholder agreement, concluded in December 2017, with Societe Miniere De Kilo Moto SA (“Sokimo”), a company wholly owned by the DRC Government (the original holder of the Giro exploitation permits), an agreement was reached between the parties that the deadline for completion of the feasibility study would be extended up to 31st December 2018. A draft feasibility study is with JV partner SOKIMO and Ministry of Mines for review and a further extension to complete the feasibility study by end 2020 has been agreed with SOKIMO. The Company is expecting to submit the feasibility study before the end of Q4 2021 and such plan has been informed to SOKIMO. In the absence of a completed study, SOKIMO has the right to terminate the shareholders’ agreement with Amani Consulting by issuing a termination notice with a six-month duration.

Amani has requested a quote from Beijing General Institute of Mining and Metallurgy (BGRIMM) to update the Giro Feasibility Study by end 2020 given that the Giro global resource estimates have substantially increased since the initial Feasibility Study which was based on Kebigada resource estimate of 75Mt @ 1.18g/t Au, for 2.9Moz gold (0.6g/t Au cut-off grade, see ASX Announcement 27 August 2017). New combined Indicated and Inferred Mineral Resource Estimate for Kebigada and Douze Match deposits is 132Mt @ 1.04g/t Au, for 4.4Moz contained gold (0.5g/t Au cut-off grade, see ASX Announcement 19 March 2020).

At the date of this report, feasibility study discussion have not formally concluded with Sokimo and no decision to mine has been made.

On conclusion of feasibility studies and a decision to mine at the Giro Project, payments of US\$ 897,606 will be required to be made by Amani to Societe Miniere De Kilo Moto SA (Sokimo).

In view of the nature of the trigger events and the early stage of exploration activity at the Giro Gold Project, these liabilities are contingent in nature and no values were allocated as liabilities in this financial report (2020: Nil).

On 14 October 2019 Amani Gold provided an update in relation to the Gada Gold Project. The update provided background to the acquisition of the Gada Gold Project and that it had been made aware that BN Mining had commenced proceedings against SOKIMO for the wrongful termination of an Option Agreement over the Gada Gold Project. Amani Gold also advised that it understood that BN Mining had, or intended to, commence proceedings against the Company. Amani Gold has now confirmed that proceedings have also been commenced against the Company for purportedly causing SOKIMO to terminate the Option Agreement and has sought damages amounting to USD\$100m as a result of the termination of the Option Agreement. The court case with Amani Gold and BN Mining is continuing. On 29 January 2020 the Kinshasa Court gave a decision stating that SOKIMO had not wrongfully terminated their Option Agreement with BN Mining. Furthermore, our lawyers reported that BN failed to appear at the last hearing session on the 25th February 2020. The Company has requested the simple cancellation of the matter. In April of the year 2021, the commercial court of Kinshasa/Gombé had rendered its final judgment in favour of the Company by declaring the action of BN Mining not receivable for lack of quality.

In view of the nature of the trigger events relating to the Giro Gold Project and unlikelihood of a successful claim by BN Mining on Gada Gold Project legal proceedings, these liabilities are contingent in nature and no values were allocated as liabilities in this financial report (30 June 2020: Nil).

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

20. COMMITMENTS

(a) Capital commitments

There were no capital commitments, not provided for in the financial statements as at 30 June 2021.

(b) Lease commitments: non-cancellable operating lease

Amago Trading Tanzania Limited entered into a lease agreement for the use of office space at its corporate office expiry date of 30th November 2020.

	Consolidated	
	2021	2020
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	899
One year to five years	-	-
Total	-	899

21. STATEMENTS OF CASH FLOWS

	2021	2020
	\$	\$
(a) Reconciliation of loss after income tax to net cash outflow from operating activities		
Profit / (loss) after income tax	(4,188,210)	(3,983,939)
Add back non-cash items:		
Depreciation	44,799	73,135
Share based payments expense	719,445	638,037
Impairment	1,014,806	-
Net exchange differences	7,847	(16,828)
Change in assets and liabilities:		
(Increase) / Decrease in receivables	(65,216)	(74,538)
Increase / (Decrease) in operating payables	(242,116)	2,038,389
Net cash outflow from operating activities	(2,708,645)	(1,325,743)

(b) Non-Cash Financing and Investing Activities

Share based payment expenses of \$1,498,435 (2020 - \$135,750) were classified as share issue costs and recorded directly in equity. During the previous year, the company has issued 699,047,035 shares at \$0.003 per share to Shining Mining Limited as approved by Shareholders at a reconvened General Meeting held on 8 April 2020 to settle a liability of \$2,097,141 to Simon Cong, the sole shareholder of Shining Mining Limited.

During the year the company has not repaid any loan outstanding from the prior year (2020: \$Nil).

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

22. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

	2021	2020
	\$	\$
Short term remuneration	909,188	960,530
Termination Benefit	75,400	-
Post Employment Superannuation	60,122	51,879
Share based payments	674,964	594,667
	<u>1,719,674</u>	<u>1,607,076</u>

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

	Consolidated	
	2021	2020
	\$	\$
Accounting, and corporate service fees paid or payable to Mrs Miao Wang, a spouse of Technical Director Mr Grant Thomas.	114,450	56,940
Payment of introduction incentive to Mr. Yu Qiuming, non-executive director. The incentive was approved by Shareholders at the general meeting held 15 October 2019	-	37,500

(b) Parent entity

Amani Gold Limited is the ultimate parent entity.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

23. PARENT ENTITY DISCLOSURES

Financial position

	Parent	
	2021	2020
	\$	\$
Assets		
Current assets	812,082	996,322
Non-current assets (note i)	22,112,029	23,557,952
Total assets	22,924,111	24,554,274
Liabilities		
Current liabilities	656,494	2,012,222
Non-current liabilities	2,100,000	2,100,000
Total liabilities	2,756,494	4,112,222
Net Assets	20,167,617	20,442,052
Equity		
Issued capital	80,352,042	76,642,246
Accumulated losses	(71,657,023)	(65,452,640)
Reserves		
Share based reserves	7,289,417	6,569,972
Option premium reserve	3,084,128	1,585,693
Foreign current translation reserve	1,099,054	1,096,781
Total equity	20,167,617	20,442,052

Financial performance

	Parent	
	2021	2020
	\$	\$
Loss for the year	(6,204,383)	(2,353,269)
Total comprehensive Income	(6,204,383)	(2,353,269)

- (i) The recoupment of the parent entity's investments and loans to its subsidiaries is dependent upon the successful development and commercial exploitation or sale of the underlying exploration assets.

Contingent liabilities of the parent entity

The parent entity's contingent liabilities are noted in Note 19.

For details on commitments, see Note 20.

Commitments for the acquisition of property, plant and equipment by the parent entity

The parent entity has not made any commitments for the acquisition of property, plant and equipment.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

23. PARENT ENTITY DISCLOSURES – continued

Interest in Subsidiaries

	Place of Incorporation	Consolidated Entity Interest 2021	Consolidated Entity Interest 2020	Class of Shares
Parent Entity		%	%	
Amani Gold Limited	Australia			
Subsidiary				
Amani Consulting SARL ¹	DRC	85%	85%	Ord
- Giro Goldfields SARL	DRC	65%	65%	Ord
Burey Resources Pty Ltd	Australia	100%	100%	Ord
Amani Minerals (HK) Limited	Hong Kong	100%	100%	Ord
Congold SASU	DRC	100%	100%	Ord
Amago Resources Kenya Limited ²	Kenya	-	100%	Ord
Amago Trading Tanzania Limited	Tanzania	60%	60%	Ord

1. Amani Consulting SARL is the parent entity of Giro Goldfields SARL with a 65% interest.
2. Amago Resources Kenya Limited was dissolved on 8 May 2020.

24. EVENTS OCCURRING AFTER THE REPORTING DATE

Since the end of the financial year and to the date of this report no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than the matters referred to below.

Subsequent to year end, the Group announced that it had received commitments for a two tranche placement to sophisticated and professional investors to raise to \$7 million to fund ongoing exploration activities at the Giro gold projects in the DRC and meet ongoing working capital requirements. Tranche 1 had raised \$1.8 million with Tranche 2 is subject to shareholder approval but will raise up to \$5.2m when approved.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Amani Gold Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

In the opinion of the Directors:

- a) The financial statements and the notes and the additional disclosures included in the directors' report designated as audited of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards (including Australian Accounting Standards) and *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) The financial statements and notes thereto include an explicit and unreserved statement of compliance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors made pursuant to s 295(5) of the Corporations Act 2001.

On behalf of the Board



Klaus Eckhof
Executive Chairman

Dated 29th day of September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMANI GOLD LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Amani Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of exploration and evaluation assets

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>Refer to note 11 in the financial report.</p> <p>The Group has recognised exploration and evaluation assets totalling \$22,611,498 per the application of the Group's accounting policy for exploration and evaluation expenditure, as set out in Note 1.</p> <p>The carrying value of the exploration and evaluation assets is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the total balance; and • The risk that these assets, comprising areas of interest, may be impaired due to the existence of impairment indicators that have not been sufficiently considered and require significant judgements by management. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Agreeing the status of tenements directly to government databases; • Considering management's impairment assessment over each area of interest, including the impairment expense of \$1,014,806 recognised during the period; • Obtaining and reviewing budgets and assumptions made by management to ensure that expenditure on further exploration for and evaluation of the mineral resources in the areas of interest were planned; • Considering whether there is any indication of impairment from ASX announcements, Board minutes and other documents; and • Assessing the adequacy of the related disclosures in Note 11 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The financial report of Amani Gold Limited, for the year ended 30 June 2020 was audited by another auditor who expressed an unmodified opinion on that report on 30 September 2020.



Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 22 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Amani Gold Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (SA) Pty Ltd

Andrew Tickle
Director

Adelaide, 29 September 2021

Amani Gold Limited
Annual Report 2021
Additional Shareholder Information

The shareholder information set out below was applicable as at 28 September 2021.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Amani Gold Limited support and adhere to the principles of corporate governance. Please refer to the Company's website for details of the Corporate Governance Statement effective for the year ended 30 June 2021: <https://www.amanigold.com/corporate/corporate-governance/>

Substantial shareholders

An extract of the Company's register of substantial shareholders is set out below (28 September 2021).

Shareholders	Number of Shares
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,047,000,923
BNP PARIBAS NOMS PTY LTD <DRP>	1,608,745,180
CITICORP NOMINEES PTY LIMITED	904,862,697
SHINING MINING COMPANY LIMITED	833,880,368

Distribution of equity security holders

<u>SPREADS OF HOLDINGS</u>	<u>NUMBER OF HOLDERS</u>	<u>NUMBER OF UNITS</u>	<u>% OF TOTAL ISSUED CAPITAL</u>
1 - 1,000	72	11,391	0.00%
1,001 - 5,000	84	266,618	0.00%
5,001 - 10,000	139	1,164,723	0.01%
10,001 - 100,000	722	32,650,830	0.23%
100,001 - 999,999,999,999	2,233	14,171,103,185	99.76%
TOTAL	3,250	14,205,196,747	100%

The number of shareholdings comprising less than a marketable parcel was 1,801

Twenty Largest Shareholder

Rank	Name	Units	% of Units
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,047,000,923	14.41
2	BNP PARIBAS NOMS PTY LTD <DRP>	1,608,745,180	11.33
3	CITICORP NOMINEES PTY LIMITED	904,862,697	6.37
4	SHINING MINING COMPANY LIMITED	833,880,368	5.87
5	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	707,463,308	4.98
6	LUCK WINNER INVESTMENT LIMITED	600,000,000	4.22
7	MCNEIL NOMINEES PTY LIMITED	454,705,943	3.2
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	373,437,804	2.63
9	MR JEAN MARC ALLEGRET	341,041,476	2.4
10	NOTRE DAME INVESTMENT LIMITED	340,000,000	2.39
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	293,691,068	2.07
12	HON HAK KA	250,000,000	1.76
13	GREGORY DENISE PTY LTD <GREGORY DENISE SUPER A/C>	116,576,229	0.82
14	REDLAND PLAINS PTY LTD <BRIAN BERNARD RODAN S/F A/C>	104,000,000	0.73
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	83,651,943	0.59
16	WHEAD PTY LTD <CJ HOLDINGS A/C>	76,000,000	0.54
17	AMAX PACIFIC PTY LIMITED	70,500,000	0.5
18	MR KIN WING CHAN + MRS WAI SHAN YAP <RC SUPERANNUATION FUND A/C>	65,000,000	0.46
19	ST BARNABAS INVESTMENTS PTY LTD <THE MELVISTA FAMILY A/C>	63,000,000	0.44
20	MR REUBEN MICHAEL CIAPPARA	60,902,051	0.43
Totals: Top 20 holders of ANL ORDINARY FULLY PAID		9,394,458,990	66.13
Total Remaining Holders Balance		4,810,737,757	33.87
Total Holders Balance		14,205,196,747	100

Amani Gold Limited
Annual Report 2021
Additional Shareholder Information

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options has any voting rights.

On-market buy-back

There is no current on-market buy-back.

Options and Performance Rights

ANLOA \$0.0015 15 JAN 2023	8,310,549,997
Ex \$0.0075 ex 27 May 2022	40,000,000
Ex \$0.01 ex 27 May 2022	40,000,000
Ex \$0.0125 ex 27 May 2022	40,000,000
Ex \$0.0075 ex 15 DEC 2023	12,000,000
Ex \$0.01 ex 15 DEC 2023	12,000,000
Ex \$0.0125 ex 15 DEC 2023	12,000,000
Performance Rights	2,066,999,998

Mineral Interests

<i>Location</i>	<i>Concession name and type</i>	<i>Registered Holder</i>	<i>Amani's current equity interest</i>	<i>Maximum equity interest capable of being earned</i>	<i>Notes</i>
DRC	Giro Exploitation Permits PEs 5046 & 5049	Giro Goldfields SARL	55.25%	55.25%	1

DRC - Democratic Republic of Congo

Notes:

- In September 2014 Amani Gold completed the acquisition of 85% of the share capital in Amani Consulting sarl (“Amani Consulting”), which entity owns 65% of the capital in Giro Goldfields sarl (“Giro sarl”), a DRC registered company and the registered holder of the two exploitation permits comprising the Giro Project. Amani Gold is responsible for sole funding exploration on the Giro Project. Societe Miniere De Kilo Moto SA (“Sokimo”), a limited liability company wholly owned by the DRC Government holds the other 35% interest in Giro sarl.

Under existing contractual terms with Sokimo a feasibility study was required to be completed by 31st December 2018 at the Giro Gold Project. Based on the amendment to the shareholder agreement, concluded in December 2017, with Sokimo, an agreement was reached between the parties that the deadline for completion of the feasibility study would be extended up to 31st December 2018, a further 12-month extension could be requested if Amani shows that the work to complete the feasibility study is progressing positively.

Amani Gold Limited
Annual Report 2021
Additional Shareholder Information

Amani has requested a quote from Beijing General Institute of Mining and Metallurgy (BGRIMM) to update the Giro Feasibility Study by end 2020 given that the Giro global resource estimates have substantially increased since the initial Feasibility Study which was based on Kebigada resource estimate of 75Mt @ 1.18g/t Au, for 2.9Moz gold (0.6g/t Au cut-off grade, see ASX Announcement 27 August 2017). New combined Indicated and Inferred Mineral Resource Estimate for Kebigada and Douze Match deposits is 132Mt @ 1.04g/t Au, for 4.4Moz contained gold (0.5g/t Au cut-off grade, see ASX Announcement 19 March 2020).

At the date of this report, feasibility study discussion have not formally concluded with Sokimo and no decision to mine has been made. The company is also under negotiation with Sokimo to extend the date for submission of the final feasibility study.