



ANNUAL REPORT 2021



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CORPORATE DIRECTORY

Directors

Evan Cranston	Non-Executive Chairman
Simon Bolster	Non-Executive Director
Tolga Kumova	Non-Executive Director
Mathew O'Hara	Non-Executive Director
Peter Williams	Non-Executive Director

Auditor

Grant Thornton Audit Pty Ltd
Level 43, Central Park
152-158 St Georges Terrace
PERTH, WA 6000

Company Secretary

Oonagh Malone

Chief Executive Officer & Exploration Manager

Glen Edwards

Contact Information

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Stock Exchange Listing

Australian Securities Exchange (ASX)
ASX Code: A1G

Australian Business Number

ABN 29 624 164 852

Share Registry

Automatic Registry Services

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Sydney NSW 2000
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DIRECTORS' REPORT

The Directors of African Gold Ltd (African Gold or the Company) present their report, together with the financial statements for the year ended 31 December 2021.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Non-Executive Chairman

Evan Cranston appointed 22 March 2018

Evan Cranston is an experienced mining executive with a background in corporate and mining law. He is the principal of corporate advisory and administration firm Konkera Corporate and has extensive experience in the areas of equity capital markets, corporate finance, structuring, asset acquisition, corporate governance and external stakeholder relations. He holds both a Bachelor of Commerce and Bachelor of Laws from the University of Western Australia.

Other current Directorships:

Benz Mining Corp (appointed 17 September 2020)

Carbine Resources Limited (appointed 23 March 2010)

Firebird Metals Limited (appointed 16 March 2021)

Vital Metals Limited (appointed 22 October 2019)

Previous Directorships (last 3 years):

Boss Energy Limited (formerly Boss Resources Limited) (resigned 5 June 2020)

New Century Resources Limited (resigned 9 July 2020)

Non-Executive Director

Simon Bolster appointed 23 February 2021

Mr Bolster is a geoscientist specialising in regolith, geochemistry and remote sensing. He has over 30 years of experience in the gold industry, and has worked in over 30 countries across 5 continents including 15 countries in Africa. Mr Bolster has worked for major mining companies including Normandy, Anglo American and Newmont where he held the roles of Consulting Geochemist and Global Manager of Remote Sensing and Spectral Geology. During his tenure with Newmont, he received an innovation award for new practical ways of mapping landscapes using 3D remote sensing techniques. He was also head of exploration for the successful Gryphon Resources in West Africa, managing teams that that resulted in new economic discoveries at a number of projects.

Mr Bolster co-founded and is Managing Director of Portable PPB Pty Ltd which is researching and developing techniques to enable gold explorers to discover gold faster and explore smarter.

Other current Directorships:

Nil

Previous Directorships (last 3 years):

Riversgold Ltd (resigned 10 March 2022)

Non-Executive Director

Tolga Kumova appointed 1 February 2018

Tolga Kumova has 16 years' experience in stockbroking, corporate finance and corporate restructuring, and has specialised in initial public offerings and capital requirements of mining focused companies. He has raised in excess of \$500 million for mining ventures, varying from inception stage through to construction and development.

Mr Kumova was a founding shareholder of Syrah Resources in 2010 and served as an Executive Director from May 2013 to October 2016, and as Managing Director from October 2014 to October 2016. During his tenure at Syrah Resources, Mr Kumova led the business from resource stage through to full funding through to development, gaining experience negotiating offtake agreements with numerous globally recognised counterparties.

Other current Directorships:

Aston Minerals Ltd (formerly European Cobalt Ltd) (appointed 29 May 2017)

Previous Directorships (last 3 years):

Copper Strike Limited (resigned 25 November 2020)

New Century Resources Limited (resigned 17 July 2019)

Non-Executive Director

Mathew O'Hara appointed 1 April 2020

Mathew O'Hara is a Chartered Accountant with extensive experience in corporate finance, accounting and governance and has been employed by, and acted as, non-executive director, company secretary and CFO of several companies in the resources sector. Prior to these roles, Mr O'Hara spent 12 years at an international public practice firm in the Corporate Finance, Advisory and Audit divisions in Melbourne and Perth gaining significant experience with ASX, TSX and AIM listed clients across a diverse range of industries. Mathew is currently CFO and Company Secretary for ASX-listed companies Boss Energy Limited, Peak Minerals Limited and Alderan Resources Limited.

Other current Directorships:

Benz Mining Corp (appointed 27 April 2020)

Huntsman Exploration Inc (appointed 20 May 2021)

Peak Minerals Ltd (appointed 21 June 2021)

Previous Directorships (last 3 years):

Carbine Resources Limited (resigned 15 July 2021)

Non-Executive Director

Peter Williams appointed 23 February 2021

Peter Williams was formerly Chief Geophysicist and Manager of Geoscience Technology for WMC Resources. He was one of the founding members of Independence Group Limited and developed high powered 3 component 3D TEM applications that led to the discovery of over 75,000t of nickel at the Victor Long Nickel Mine in Kambalda. Mr Williams has extensive experience in West Africa where he was the vendor of Gryphon Minerals' Banfora Gold Project, was involved in the project generation of Papillion's Mali projects and was a founding director of Ampella Mining Ltd. Mr Williams was a co-founder of the International Resource Sector Intelligence company, Intierra, and was a co-founder of the first dedicated hard rock mineral seismic company in the world, HiSeis. Mr Williams is Managing Director of Alderan Resources Ltd.

Other current Directorships:

Alderan Resources Limited (appointed 13 May 2019)

Benz Mining Corp (appointed 17 September 2020)

Previous Directorships (last 3 years):

Superior Lake Resources Limited (resigned 1 July 2020)

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of African Gold Limited were:

Name	Number of ordinary shares	Number of options over ordinary shares
Evan Cranston	2,788	2,500,000
Simon Bolster	642,858	2,000,000
Tolga Kumova	11,954,821	12,500,000
Mathew O'Hara	230,359	2,000,000
Peter Williams	1,157,143	2,000,000

Company Secretary

Oonagh Malone was appointed company secretary on 1 April 2020. Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. She currently acts as company secretary for ASX-listed companies Arizona Lithium Limited, Aston Minerals Limited, Benz Mining Corp, Caprice Resources Ltd, Carbine Resources Ltd, RareX Ltd, and Riversgold Ltd and is a non-executive director of Peak Resources Ltd.

Dividends paid or recommended

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Principal activities

The planned principal activities of the Company will consist of exploration and evaluation of mineral resources.

OPERATING AND FINANCIAL REVIEW

EXPLORATION ACTIVITIES

Didievi Gold Project (Oumé – Fetekro Greenstone Belt), Côte d'Ivoire

In late 2020, the Company announced it had entered into an option agreement to acquire 80% of the Kouroufaba Gold Project which gives access to a strategic land holding consisting of the Didievi granted permit and 3 permit applications totalling 1,534km² of prospective tenure over proven Birimian greenstone belts in Central Côte d'Ivoire.

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

This strategic project straddles a major structure in a belt with all the selection criteria required for multiple large gold deposits. Past work on the property has considerably derisked the discovery process and the project presents both brown and greenfields opportunities with significant potential.

Since acquisition in early 2021, work by the Company in addition to historical work, at Blaffo Gueto has delineated a significant structurally controlled gold system characterised by intense alteration and broad, high-grade gold intercepts. Mineralisation is complex, probably long lived and multi-episodic, located in different structural settings and hosted by a variety of lithological units. Gold mineralisation is typically associated with sericite-albite-carbonate-quartz/silica-pyrite-pyrrhotite \pm chalcopyrite \pm arsenopyrite \pm Fe (Ti) oxide alteration assemblages. Host rock comprising argillites, pelites, agglomerates, conglomerates and felsic to intermediate intrusive bodies are typically strongly altered and deformed.

During the year the Company completed a 3,200 maiden drilling program and subsequently released fire assays and screen fire assays. Both the 5-hole diamond (1,068m) and the 31 holes RC program (2,312m) intersected structurally deformed and altered packages of a variety of sediments with minor intrusive bodies. Alteration included zones of intense sericite-albite-carbonate-quartz/silica-pyrite-pyrrhotite \pm chalcopyrite \pm arsenopyrite assemblages. Previous work at Blaffo Gueto has shown mineralisation to be associated with similar mineral assemblages.

Assay results received are considered very encouraging and many of the holes returned broad thick, high-grade intercepts. A selection of a few of the significant intercepts to date at Didievi include:

- **10m at 123g/t Au** from 66m including **2m at 613g/t Au** (DRC334)
- **17.4m at 17g/t Au** from 244m including **1m at 216g/t Au** (DDD0029) ends in mineralisation
- **83.3m at 3.3g/t Au** from 166.9m including **18m at 12.0g/t Au** (DDD01) ends in mineralisation
- **89m at 3.0g/t Au** including **23m at 9.5g/t Au** (DDD013)
- **37m at 7.7g/t Au** from 42m including **24m at 11.0g/t Au** (DRC208) ends in mineralisation
- **27m at 4.61g/t Au** from 32m including **11m at 11.09g/t Au** (DRC337)

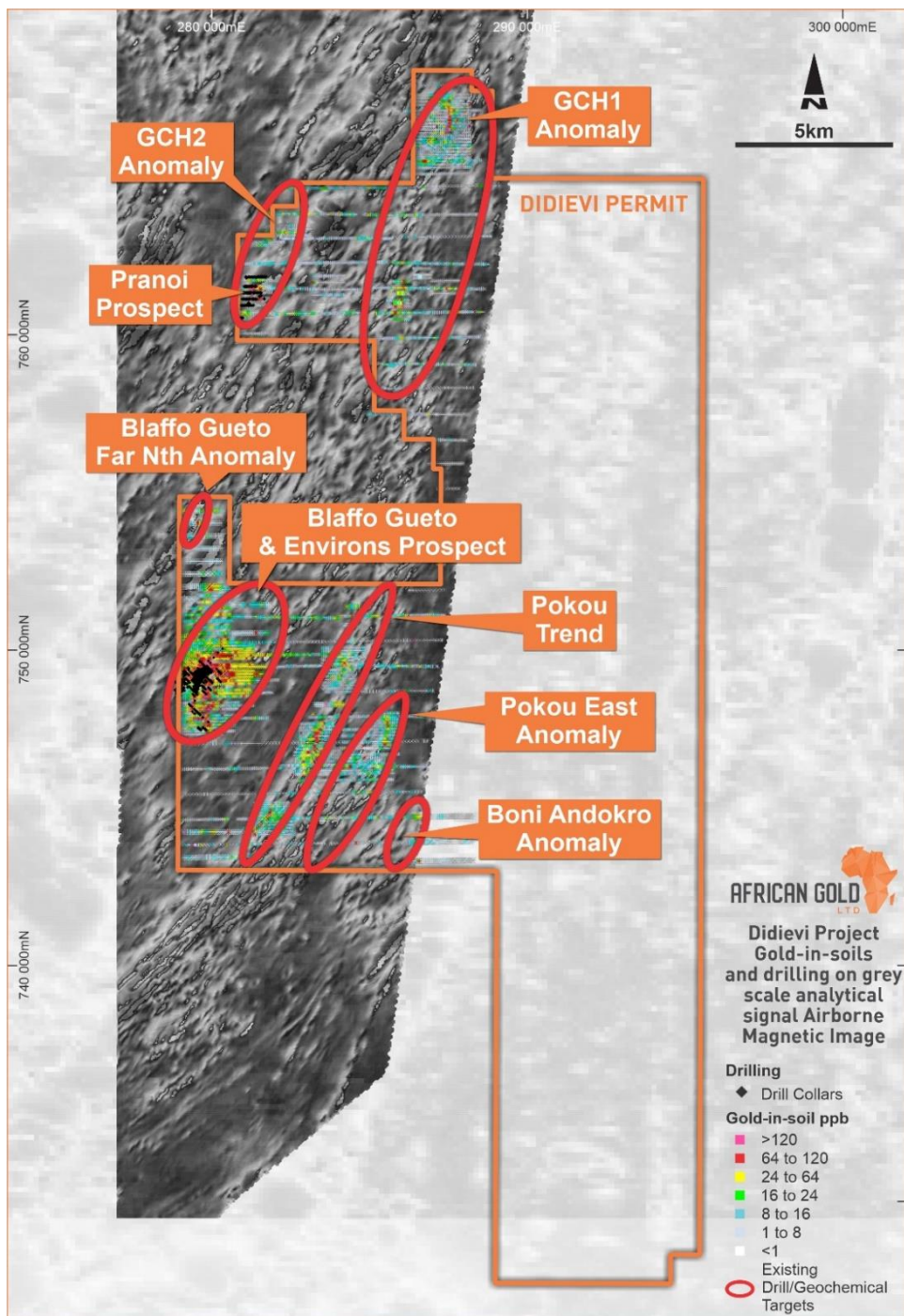


Figure 1: Didievi Project showing drill collars on thematically mapped gold--in soils on analytical signal magnetic image with prospects Blaffo Gueto, Pranoi, GCH1 & 2, Blaffo Gueto Far North, Pokou Trend, Pokou East and Boni Andokro.

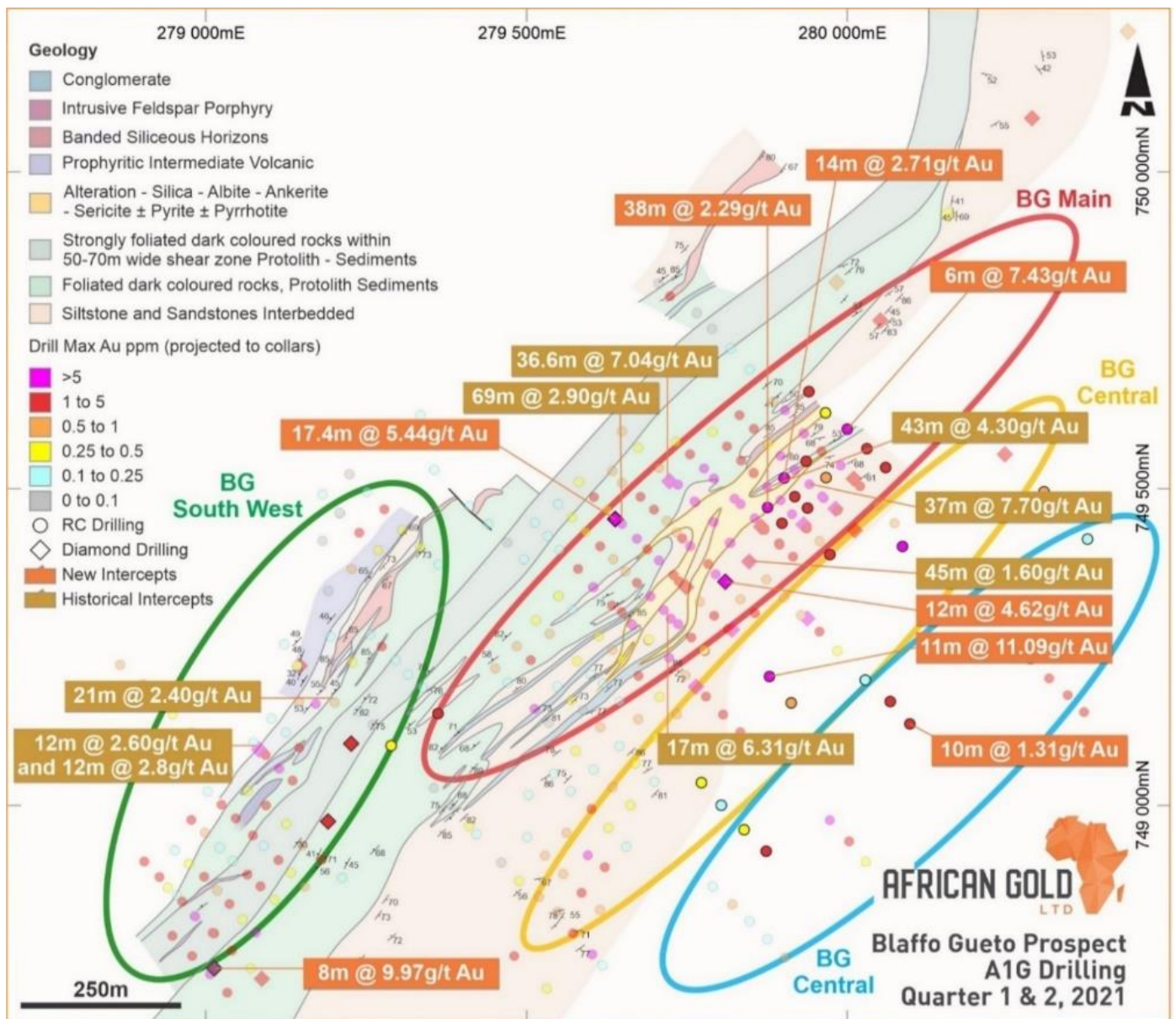


Figure 2: Blaffo Gueto Prospect showing historical and recent diamond and RC drilling collars on gold-in-soil, historical maximum downhole gold projected to drill collars on interpreted geology. Showing selected historical and recent drill intercepts.

Pranoi Prospect

The Pranoi prospect is located approximately 12km to the north of Blaffo Gueto Main. Previous wide spaced AC and RC drilling of a robust coherent 1.2km x 0.8km gold-in-soil anomaly with extensive artisanal workings returned significant intercepts over a strike of length of over 800m with best historical results including:

- **12m @ 5.60g/t Au** from 24m ends in mineralisation
- **32m @ 2.14g/t Au** from 68m
- **1m @ 35.38g/t Au** from 56m
- **8m @ 4.35g/t Au** from 0m

A single 100m diamond hole has been drilled by the Company to obtain thickness and grade continuity and structural data up dip of DRC010 and returned a number of significant intercepts:

- 3.0m @ 3.01g/t Au from 5m
- 3.0m @ 1.35g/t Au from 27m
- 12.0m @ 4.48g/t Au from 38m*

*There has been some core loss between 40.6-41m and 44.45m.

Drilling has now confirmed a series of stacked north striking, sub parallel, mineralised zones with a moderate west dip. There is insufficient drilling at this stage to determine continuity or depth extent, however, the system is open along strike and at depth.

A trenching program, designed to test 6 of the 9 previously identified robust coherent gold-in-soil-anomalies identified from historical soil geochemical data, was also undertaken with 2 trenches successfully completed and assay results returned. The remaining trenches were abandoned due to difficulties in completing to specified lengths and depths; these have not been sampled.

Trench TR01 on GCH2 gold-in-soil anomaly, located 14 km and 2km to the north of the Blaffo Gueto and Pranoi Prospects respectively, returned a significant new discovery associated with an altered, veined and deformed porphyry. This single trench demonstrated the potential of the GCH2 anomaly with a significant result of:

- **20.0m at 1.02g/t Au including 9.0m at 2.06g/t Au**

The GCH2 Prospect is located at the northern portion of a large unconstrained regional gold-in-soil anomaly.

Didievi Regional Soil Sampling Program

A small orientation and reconnaissance soil sampling program designed to provide bulk leach extractable gold (**BLEG**) and multielement data on selected lines has been completed and gold assays received. The program also provides a preliminary assessment of previous unsampled conceptual targets and to infill previously defined gold-in-soil anomalies.

Analysis has been for gold by BLEG and multielement by XRF. Multielement data has provided pathfinder elements and vectors to mineralisation and has assisted in prioritisation of targets. Partitioning of gold and associated indicator elements in the surface environment has been used to discriminate between “in-situ” vs “transported” anomalies. The multielement data has been extremely useful in mapping the geology. Results from this program are considered very encouraging.

- Blaffo Gueto and Environs – orientation lines to the north and east of the drilling at Blaffo Gueto have, as expected, returned anomalous results (up to 432ppb Au) with associated arsenic anomalism and confirmed strike to north and to the east of existing drilling (supported by historical and recent drilling). The main anomaly extends over an area of 3.5km x 2.5km with a number of sub parallel trends to the north west.
- Blaffo Gueto Far North – wide spaced (400m) lines of a previously unsampled area to the far north of Blaffo Gueto Main drilling have returned anomalism on 3 lines (approximately 4km north of the last drill hole – maximum 274ppb Au).
- Pokou Trend – 4 regional soil lines (over 8.7km) designed to demonstrate continuity and strike potential of gold-in-soil anomalies (GCH4-Agnere, GCH5-Pokou and GCH7-Gbofia), located 4km east of Blaffo Gueto Main Zone, suggest that the Pokou Trend is robust, largely continuous and extends over a strike of at least 9km (up to 348ppb Au). Gaps in two southern clusters are due to lack of sampling in the vicinity of the Kan River.
- Boni Andokro – 3 regional soil lines (over 1.4km) targeting a conceptual structural-magnetic targets close to what was interpreted to be the granite–greenstone contact has returned gold anomalism on all 3 lines (up to 221ppb Au).

In January 2022, the Company commenced a 3,000m diamond drilling program at the Blaffo Gueto and Pranoi prospects.

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

The Walia – Kofi Quest Gold Project is located in the Kedougou-Keneiba Inlier (**KKI**) of west Mali. The southern boundary of the Walia – Kofi Ouest property abuts the Barrick Gold Corporations’ +14Moz Loulo mine Complex and mine lease7. The Mine Complex host many deposits which are diverse in terms of host lithology, geometry, nature and style of mineralization but, are common in that they are typically interpreted to be located along 2nd and higher order structures associated with the SMSZ and largely linked to a transtensional events. More significant deposits and prospects include - Gara, Baboto, Loulo, Yalea and Gounkoto.

The regolith terrain, with its variable iron crusted land surfaces is both a hinderance and an asset for exploration. It is a hinderance in that there are limited parts of the terrain where low cost soil geochemical exploration is effective. It is an asset though in that has been demonstrated in recent years to mask and hide very significant gold deposits in the district; for example the very large Gounkoto and Fekola deposits that occur along strike of Walia and proximal to the SMSZ. This masking has hidden gold deposits from artisanal miners and from modern explorers who have not taken adequate account of the “regolith factor” when planning and interpreting exploration programs.

Previous exploration has been extremely minimal. Mapping, airborne magnetic and electromagnetic surveys, surface geochemical sampling, auger drilling. Very limited RAB and RC drilling have defined a number of priority targets, some of which have been

partially tested or not tested at all. Only 158 shallow RAB holes (average depth 25m) and 45 shallow RC holes (average depth 48m) holes have been historically drilled testing soil anomalies which in the Company's opinion were not effective given the extensive regolith.

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

A 1,208 hole, wide-spaced reconnaissance auger drill program, designed to provide a first pass assessment of prospective targets in areas under thick in-situ and transported ferruginous duricrust, was completed. Gold and multielement results are currently being reviewed. At least 8 high priority drill targets have been identified ranging from approximately 1km to 5km in length with the majority untested by historical drilling. Follow up auger is required to optimize RC drill hole placement with a 5,000m infill auger drill program being planned at Walia/Kofi Ouest and Yatia Sud Gold projects in west Mali.

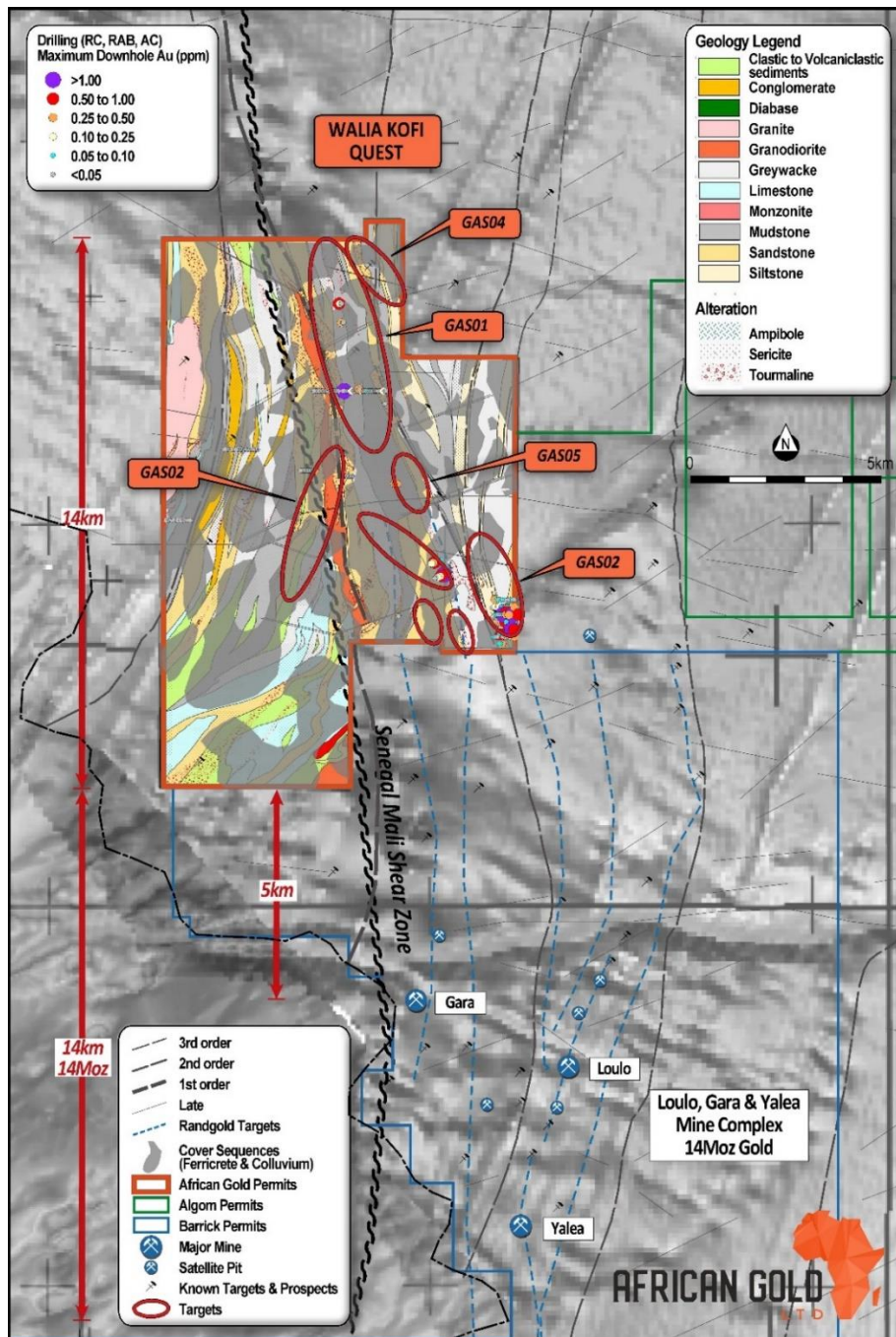


Figure 3: Walia - Kofi Quest Gold Project showing interpreted geology, SMSZ and identified higher order structures, major mines, deposits and prospects on a grey scale magnetic image. Also shown is extent of ferruginous and transported cover sequences with historical drill holes thematically mapped by maximum downhole gold grade. First pick priority targets base on recent auger program results and geological targeting also included.

CORPORATE ACTIVITIES

In late 2020, the Company announced it had entered into an option agreement to acquire 80% of the Kouroufaba Gold Project. The consideration payable for the option was as follows:

- payment of \$200,000; and
- 4 million ordinary shares in the Company issued to the vendors on a pro-rata basis.

During February 2021, the Company held a General Meeting to approve, among other items, the issue of the consideration shares to the vendors of Kouroufaba Gold. All resolutions put to shareholders were passed on a poll resulting in:

- the issue of 4 million ordinary shares to the vendors of Kouroufaba Gold in consideration for the acquisition (in addition to the \$200,000 cash payment already made);
- the issue of 8,024,706 Tranche 2 placement shares at a price of \$0.10 per share, raising a further \$802,470 (before costs), which included the issue of 4,950,000 to Directors or their nominees; and
- the issue of 2,438,885 shortfall shares at a price of \$0.10 per share from the non-renounceable rights issue undertaken in December 2020, raising an additional \$243,888 (before costs).

Following the General Meeting held in February and completion of the Company's transaction to acquire 80% of the Kouroufaba Gold Project, the Company advised the effective appointments of Mr Peter Williams and Mr Simon Bolster as Non-Executive Directors of the Company. Both Mr Williams and Mr Bolster have a well-established West African network and an impressive track record of discoveries in Birimian Greenstone Belts, with involvement in the discovery of multiple multi-million ounce gold deposits across West Africa. Following these appointments, and with the increased skills and experience on the Board, Mr Evan Cranston transitioned to Non-Executive Chairman of the Company.

In September 2021, the Company announced a non-renounceable pro-rata offer of ordinary fully paid Shares at an issue price of \$0.15 each on the basis of 2 new Shares for every 7 Shares held on the Record Date (**Entitlement Offer**) and any shortfall under the Entitlement Offer (**Shortfall Offer**) (together, **the Offers**).

In October 2021, the Company advised that the Entitlement Offer was strongly supported by eligible shareholders, with an 85% take up rate. A total of 19,565,773 new fully paid ordinary shares were applied for, raising approximately \$2.93 million (before costs). The shortfall under the Entitlement Offer was also successfully placed and settlement of 6,836,711 new fully paid ordinary shares to raise an additional \$1.03 million (before costs) occurred during November 2021.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no changes in the state of affairs of the Company during the year ended 31 December 2021, other than those outlined in the Review of Operations and mentioned below:

- Appointment of Mr Peter Williams and Mr Simon Bolster as Non-Executive Directors;
- Completion of the following capital raisings:
 - The issue of 2,438,885 shortfall shares at \$0.10 per share from the non-renounceable rights issue undertaken in December 2020, raising \$243,888 (before costs);
 - The issue of 8,024,706 Tranche 2 placement shares at \$0.10 per share, raising a further \$802,470 (before costs), which included the issue of 4,950,000 to directors or their nominees as approved by shareholders on 5 February 2021; and
 - The issue of 26,402,484 shares under a non-renounceable rights issue at \$0.15 per share, raising \$3,960,372 (before costs).
- Issued a total of 5,000,000 unquoted options exercisable at \$0.20 expiring on 22 February 2024, consisting of 2,500,000 options issued to each of Mr Evan Cranston and Mr Tolga Kumova, or their nominees, for underwriting the non-renounceable entitlement issue undertaken in December 2020. The options issued were approved by shareholders on 5 February 2021 and there was no consideration payable for the options.
- Entered into an option agreement to acquire 80% of the Kouroufaba Gold Project which gives access to a strategic land holding consisting of the Didievi granted permit and 3 permit applications totalling 1,534km² of prospective tenure over proven Birimian greenstone belts in Central Côte d'Ivoire. The consideration payable for the option was as follows:
 - Payment of \$200,000; and
 - 4,000,000 shares in the Company issued to the vendors on a pro-rata basis on 23 February 2021.

REVIEW OF FINANCIAL PERFORMANCE

Operating results

The loss of the Company for the year ended 31 December 2021 after providing for income tax amounted to \$2,532,015 (2020: \$715,139).

Review of financial position

The net assets are \$11,130,099 as at 31 December 2021 (2020: \$6,419,221). Cash and cash equivalents amounted to \$3,471,375 (2020: \$1,467,417).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have not been any events that have arisen between 31 December 2021 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is committed to realising value from the exploration assets acquired.

Running in parallel with the proposed evaluation and exploration of the tenements the Company's ongoing strategy will also include the identification and acquisition of projects that the Board believes will provide fundamental value to shareholders.

CORPORATE GOVERNANCE

The directors of African Gold believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Changes and improvements are made in a substance over form manner, which appropriately reflects the changing circumstances of the company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

The Company reviews all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of development.

The Company's Corporate Governance Statement is available on its website at www.african-gold.com.

The Company has a corporate governance section on the website which includes details on the Company's governance arrangements and copies of relevant policies and charters.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The directors have considered the National Greenhouse and Energy Reporting Act 2007 ('the NGER Act') and at the current stage of development and based on the locations of the Company's operations, the directors have determined that the NGER Act will have no effect on the Entity for the current or subsequent financial year.

The directors will reassess this position as and when the need arises. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 31 December 2021.

SHARE OPTIONS AND PERFORMANCE RIGHTS

The Company issued 15,000,000 options (2020: nil) and no performance rights (2020: nil) during the year ended 31 December 2021.

During the year, management assessed the probability of satisfying the vesting conditions of the 1,000,000 performance rights held by Mr Glen Edwards as 0%. Accordingly, no pro-rata expense for these performance rights was recognised during the reporting period.

Shares issued during or since the end of the year as a result of exercise

During or since the end of the reporting period, the Company issued ordinary shares as a result of the exercise of options as follows:

Issue date of shares	Number of options exercised	Exercise price per option	Total proceeds received
14 May 2021	100,000	\$0.20	\$20,000
4 June 2021	250,000	\$0.20	\$50,000
12 September 2021	1,000,000	\$0.20	\$200,000
17 November 2021	100,000	\$0.20	\$20,000
9 February 2022	500,000	\$0.20	\$100,000

Indemnification and insurance of directors and officers

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any

proceedings, whether civil or criminal. The terms of the policy prevent disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Grant Thornton Audit, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Audit during or since the financial year.

Directors' meetings

During the financial year, the following meetings of directors were held.

DIRECTOR'S NAMES	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND
Evan Cranston	2	2
Simon Bolster (appointed 23/2/21)	2	2
Tolga Kumova	2	2
Mathew O'Hara	2	2
Peter Williams (appointed 23/2/21)	2	2

The Board has decided there are no efficiencies to be gained from forming separate committees and hence the current board members carry out the roles that would otherwise be undertaken by a separate committee with each director excluding themselves from matters in which they have a personal interest.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors ensure that:

- Non-audit services are reviewed and approved by the directors to ensure that the provision of such services does not adversely affect the integrity and objectivity of the auditor; and
- Audit services do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The total remuneration for audit and non-audit services provided during the current financial year is set out in notes of the financial statements.

REMUNERATION REPORT (AUDITED)

INTRODUCTION

The Directors of African Gold Ltd present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 31 December 2021. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for African Gold Ltd's key management personnel (KMP):

- Non-executive directors (NEDs)
- Executive directors and senior executives (collectively the executives).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company.

The table below outlines the KMP of the Company during the financial year ended 31 December 2021. Unless otherwise indicated, the individuals were KMP for the entire financial year.

NAME	POSITION	
Evan Cranston	Non-Executive Chairman	Appointed on 22 March 2018
Simon Bolster	Non-Executive Director	Appointed on 23 February 2021
Tolga Kumova	Non-Executive Director	Appointed on 1 February 2018
Mathew O'Hara	Non-Executive Director	Appointed on 1 April 2020
Peter Williams	Non-Executive Director	Appointed on 23 February 2021
Glen Edwards	Chief Executive Officer and Exploration Manager	Appointed on 1 November 2018
Oonagh Malone	Company Secretary	Appointed on 1 April 2020

Remuneration Governance

The Board has decided there are no efficiencies to be gained from forming a separate remuneration committee and hence the current board members carry out the roles that would otherwise be undertaken by a remuneration committee with each director excluding themselves from matters in which they have a personal interest.

The Board considers and recommends compensation arrangements for the executive chairman, directors and senior executives; remuneration policies and practices; retirement and termination policies and practices; Company share schemes and other incentive schemes; Company superannuation arrangements and remuneration arrangements for members of the Board.

The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated directors, executives and employees who can enhance Company performance through their contributions and leadership.

Remuneration Framework

The Board recognises that the Company's performance and ultimate success in project delivery depend very much on its ability to attract and retain highly skilled, qualified and motivated people in an increasingly competitive remuneration market. At the same time, remuneration practices must be transparent to shareholders and be fair and competitive, taking into account the nature and size of the organisation and its current stage of development.

The approach to remuneration has been structured with the following objectives:

- To attract and retain a highly skilled executive team at the current stage in the Company's project development and who are motivated and rewarded for successfully delivering the short and long-term objectives of the Company, including successful project delivery;
- To link remuneration with performance, based on long-term objectives and shareholder return, as well as critical short-term objectives which are aligned with the Company's business strategy;

- To set clear goals and reward performance for successful project development in a way which is sustainable, including in respect of health and safety, environment and community-based objectives;
- To be fair and competitive against the market;
- To preserve cash where necessary for exploration, by having the flexibility to attract, reward or remunerate executives with an appropriate mix of equity-based incentives;
- To reward individual performance and Company performance thus promoting a balance of individual performance and teamwork across the executive management team and the organisation; and
- To have flexibility in the mix of remuneration, including offering a balance of conservative long-term incentive instruments such as options to ensure executives are rewarded for their efforts, but also share in the upside of the Company's growth and are not adversely affected by tax consequences.

The remuneration framework provides a mix of fixed and variable "at risk" remuneration and a blend of short and long-term incentives.

The remuneration for executives has three components:

- Fixed remuneration, inclusive of superannuation and allowances;
- Short Term Incentives ("STI") under a performance-based cash bonus incentive plan; and
- Long Term Incentives ("LTI") through participation in the Company's shareholder approved equity incentive plans.

These three components comprise each executive's total annual remuneration.

EXECUTIVE DIRECTOR REMUNERATION

Fixed Remuneration

All executives receive a fixed base cash salary and other associated benefits. All executives also receive a superannuation guarantee contribution required by Australian legislation which was 10% at 31 December 2021. No executives receive any other retirement benefits.

Fixed remuneration of executives will be set by the Board each year and is based on market relativity and individual performance. In setting fixed remuneration for executives, individual performance, skills, expertise and experience are also taken into account to determine where the executive's remuneration should sit within the market range. Where appropriate, external remuneration consultants will be engaged to assist the Board to ensure that fixed remuneration is set to be consistent with market practices for similar roles.

Fixed remuneration for executives will be reviewed annually to ensure each executive's remuneration remains fair and competitive. However, there is no guarantee that fixed remuneration will be increased in any service contracts for executives.

Short Term Incentives

The executive directors and other executives are eligible to earn short-term cash bonuses upon achievement of significant performance-based outcomes aligned with the Company's strategic objectives at that time. These performance-based outcomes are considered to be an appropriate link between executive remuneration and the potential for the creation of shareholder wealth. Given the Company's recent listing, no short-term incentives were paid during the year.

Long Term Incentives

The objective of the LTI plan is to reward executives and directors in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTIs are made to executives and directors who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The Company prohibits directors or executives from entering into arrangements to protect the value of any African Gold shares, options or performance rights that the director or executive has become entitled to as part of his/her remuneration package. This includes entering into contracts to hedge their exposure.

The following table sets out the number of share options granted to Directors and the executive management team during the year:

	Options		Performance Rights	
	2021	2020	2021	2020
Evan Cranston	2,500,000 ¹	-	-	-
Simon Bolster ²	2,000,000	-	-	-
Tolga Kumova	2,500,000 ¹	-	-	-
Mathew O'Hara	2,000,000	-	-	-
Peter Williams ²	2,000,000	-	-	-
Oonagh Malone	2,000,000	-	-	-
Glen Edwards	2,000,000	-	-	-

¹ Options issued to Mr Cranston and Mr Kumova for underwriting an entitlement issue by the Company are included in this table and are disclosed as related party transactions.

² Appointed 23 February 2021.

Non-Executive Remuneration

Non-executive directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are determined in accordance with the rules set out in the Company's Constitution and the Corporations Act at the time of the director's retirement or termination. Non-executive directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which is subject to shareholder approval in accordance with the ASX Listing Rules.

The aggregate remuneration, and the manner in which it is apportioned amongst non-executive directors, is reviewed annually. The Board considers the amount of director fees being paid by comparable companies with similar responsibilities and levels of experience of the non-executive directors when undertaking the annual review process.

The current maximum amount of non-executive directors' fees payable is fixed at \$300,000 in total, for each 12-month period commencing 1 January each year, until varied by ordinary resolution of shareholders.

Use of remuneration advisors

During the year ended 31 December 2021, the Board did not engage the services of remuneration consultants.

Voting and comments made at the company's last Annual General Meeting

African Gold received a 100% "yes" votes on its Remuneration Report for the year ended 31 December 2020. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of Performance on Shareholder Wealth

In considering the Company's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current and previous financial years:

	2021 \$	2020 \$	2019 \$	2018 \$
Revenue	194	86,754	39,812	94
Net loss	2,532,015	715,139	983,494	1,368,575
Share price at end of year	\$0.185	\$0.23	\$0.17	N/a
Basic loss per share	2.69 cents	1.20 cents	1.90 cents	8.09 cents
Diluted loss per share	2.69 cents	1.20 cents	1.90 cents	8.09 cents

The Company commenced trading on the ASX on 14 February 2019 with an initial public offering price of \$0.20.

Executive Director employment agreements

The Company currently has no active Executive Director employment agreements. There was no change to Mr Cranston's remuneration following his transition to an executive role in 2020 or on his transition back to non-executive in February 2021.

Agreement with Chief Executive Officer and Exploration Manager

The Company has entered into an executive services agreement (CEO Agreement) with Mr Glen Edwards pursuant to which he is engaged as a full-time employee of the Company and serves the Company as a Chief Executive Officer and Exploration Manager responsible for planning, co-ordinating and implementing the Company's exploration programs in Africa with planning input from other senior exploration and executive staff, and subject to the overall control and direction of the Board (CEO Services).

The remuneration payable to Mr Edwards for the services is \$180,000 per annum exclusive of statutory superannuation.

The CEO Agreement commenced on 1 November 2018 and is for an indefinite term, continuing until terminated in accordance with the CEO Agreement, Mr Edwards has a notice period of 3 months.

Company secretarial agreement

The Company has an agreement with Malone Corporate Pty Ltd for the provision of company secretarial services to the Company. The Malone Corporate Agreement commenced on 1 April 2020 and will continue until terminated by mutual agreement or either party on 90 days' written notice. The Company will pay Malone Corporate fees of \$4,000 per month (plus GST) which commenced on 1 April 2020. The Malone Corporate Agreement contains additional provisions considered standard for agreements of this nature.

STATUTORY AND SHARE-BASED REPORTING

Director and KMP Remuneration

Details of the nature and amount of each major element of remuneration of each Director and KMP of African Gold during the year are:

Directors and executive officers	Year	Short term benefits	Post employment benefits	Other long-term benefits	Share based payment (non-cash)		
		Salary, fees and annual leave \$	Superannuation benefits \$	Long service leave provision movement \$	Options and rights \$	Total \$	Performance based % of remuneration
Evan Cranston <i>Non-Executive Chairman</i>	2021	65,700	-	-	-	65,700	0%
	2020	65,700	-	-	-	65,700	0%
Simon Bolster ¹ <i>Non-Executive Director</i>	2021	37,269	-	-	237,400	274,669	86%
	2020	-	-	-	-	-	0%
Tolga Kumova <i>Non-Executive Director</i>	2021	52,560	-	-	-	52,560	0%
	2020	52,560	-	-	-	52,560	0%
Mathew O'Hara ² <i>Non-Executive Director</i>	2021	43,736	4,264	-	237,400	285,400	83%
	2020	32,877	3,123	-	-	36,000	0%
Peter Williams ¹ <i>Non-Executive Director</i>	2021	37,269	-	-	237,400	274,669	86%
	2020	-	-	-	-	-	0%
Oonagh Malone ² <i>Company Secretary</i>	2021	48,000	-	-	196,200	244,200	80%
	2020	36,000	-	-	-	36,000	0%
Glen Edwards <i>Chief Executive Officer</i>	2021	190,723	17,550	5,646	226,000	439,919	51%
	2020	179,547	17,100	-	65,291	261,938	25%
Stephen Parsons ³ <i>Executive Director</i>	2021	-	-	-	-	-	0%
	2020	21,896	2,850	-	-	24,746	0%
Michael Naylor ³ <i>Company Secretary</i>	2021	-	-	-	-	-	0%
	2020	25,500	-	-	-	25,500	0%
Total directors and executive officer's	2021	475,257	21,814	5,646	1,134,400	1,637,117	69%
	2020	414,080	23,073	-	65,291	502,444	13%

¹ Appointed 23 February 2021.

² Appointed 1 April 2020.

³ Resigned 1 April 2020.

Director and KMP Remuneration Movements in Options

The movement during the reporting period in the number of options in African Gold held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 January 2021 or date of appointment	Granted as Compensation	Options exercised	Lapsed/ forfeited	Resulting from any other change	Held at 31 December 2021 or date of resignation	Vested and exercisable at 31 December 2021
Evan Cranston	-	-	-	-	2,500,000	2,500,000	2,500,000
Simon Bolster ²	-	2,000,000	-	-	-	2,000,000	2,000,000
Tolga Kumova	10,000,000 ¹	-	-	-	2,500,000	12,500,000	12,500,000
Mathew O'Hara	-	2,000,000	-	-	-	2,000,000	2,000,000
Peter Williams ²	-	2,000,000	-	-	-	2,000,000	2,000,000
Oonagh Malone	-	2,000,000	-	-	-	2,000,000	2,000,000
Glen Edwards	-	2,000,000	-	-	-	2,000,000	2,000,000
Total	10,000,000	10,000,000	-	-	5,000,000	25,000,000	25,000,000

¹ Each option entitles the holder to subscribe for one share upon exercise of the option. The options have an exercise price of \$0.20 per option and expire on 17 April 2023. These options are escrowed for a period of 24 months from listing, in accordance with ASX listing rules.

² Appointed 23 February 2021.

Director and KMP Remuneration Movements in Performance Rights

The movement during the reporting period in the number of performance rights in African Gold held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 January 2021	Granted as Compensation ¹	Converted	Lapsed/ forfeited	Held at 31 December 2021	Vested and exercisable at 31 December 2021
Glen Edwards	1,000,000 ^{1(b)}	-	-	-	1,000,000 ^{1(b)}	-
Total	1,000,000	-	-	-	1,000,000	-

¹ Each performance right converts to one ordinary share in the Company upon satisfaction of the performance conditions linked to the rights. The rights do not carry any other privileges. The fair value of the performance rights granted is determined based on the number of rights awarded multiplied by the share price of the Company on the date awarded. The following performance conditions are applicable to the rights awarded in the year:

- (a) The CEO completing 18 months of continuous employment with the Company from the date the Company is admitted to the official list of ASX.
- (b) An announcement by the Company of a JORC Code compliant resource of a minimum of 500,000 ounces of gold (or equivalent value if another commodity) of at least 1 gram per tonne on any of the Company's mineral exploration licences in Côte D'Ivoire within 3 years of the date the Company is admitted to the official list of ASX.

Shareholdings of KMP

Shares held in African Gold Ltd (number):

	Held at 1 January 2021 or date of appointment	Acquired	Disposal	Held at 31 December 2021 or date of resignation
Evan Cranston	2,168	620	-	2,788
Simon Bolster ¹	500,000	142,858	-	642,858
Tolga Kumova	6,650,001	5,304,820	-	11,954,821
Mathew O'Hara	29,168	201,191	-	230,359
Peter Williams ¹	900,000	257,143	-	1,157,143
Oonagh Malone	-	257,143	-	257,143
Glen Edwards	1,166,667	847,620	-	2,014,287
Total	9,248,004	7,011,395	-	16,259,399

¹ Appointed 23 February 2021.

Share-based compensation (non-cash)

Options

The following options were granted during the year ended 31 December 2021 (2020: nil):

	Underwriting Options	KMP Options #1	KMP Options #2	KMP Options #3
Underlying value of the security	\$0.21	\$0.205	\$0.18	\$0.20
Exercise price	\$0.20	\$0.30	\$0.30	\$0.30
Valuation date	23/02/2021	30/07/2021	30/08/2021	28/08/2021
Expiry date	22/02/2024	31/08/2024	31/08/2024	31/08/2024
Life of Options in years	3.0	3.1	3.0	3.0
Volatility	111.42%	105.87%	105.57%	105.45%
Risk free rate	0.13%	0.13%	0.15%	0.17%
Number of Options	5,000,000	6,000,000	2,000,000	2,000,000
Valuation per Option	\$0.1415	\$0.1187	\$0.0981	\$0.1130
Valuation	\$707,500	\$712,200	\$196,200	\$226,000
Total consideration paid by option holders	-	-	-	-
Valuation less consideration paid	\$707,500	\$712,200	\$196,200	\$226,000

The KMP Options were issued to the following Key Management Personnel for nil consideration and vested immediately. There were no performance conditions for these options as the Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and this option issue seeks to align the efforts of the KMP in seeking to achieve growth of the share price and in the creation of shareholder value. In addition, the Board also believes that incentivising with KMP Options is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these KMP Options to continue to attract and maintain highly experienced and qualified KMP in a competitive market.

Key management personnel	Option series	Grant date	No. of options	Value per option	Total fair value of options issued	No. of options vested
Simon Bolster	KMP Options #1	30/07/2021	2,000,000	\$0.1187	\$237,400	2,000,000
Mathew O'Hara	KMP Options #1	30/07/2021	2,000,000	\$0.1187	\$237,400	2,000,000
Peter Williams	KMP Options #1	30/07/2021	2,000,000	\$0.1187	\$237,400	2,000,000
Oonagh Malone	KMP Options #2	30/08/2021	2,000,000	\$0.0981	\$196,200	2,000,000
Glen Edwards	KMP Options #3	28/08/2021	2,000,000	\$0.1130	\$226,000	2,000,000
Total			10,000,000		\$1,134,400	10,000,000

Performance rights

The following table discloses the number of performance rights granted, vested or lapsed during the year ended 31 December 2021. Performance rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

Name	Financial year	Awarded during the year	Award date	Vesting date	Expiry date	Fair value of performance right at award date (\$)	Exercise price	No. vested during year	No. lapsed during year	Balance at end of year	Value of performance rights granted during the year ¹ (\$)	Value of performance rights on held on date of resignation (\$)
Glen Edwards	2021	-	1-Nov-18	N/A	14-Feb-22	0.10	Nil	-	-	1,000,000	-	-

¹ Determined at the time of grant per AASB 2 *Share-based payments*.

The following table discloses the number of performance rights granted, vested or lapsed during the year ended 31 December 2020. Performance rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

Name	Financial year	Awarded during the year	Award date	Vesting date	Expiry date	Fair value of performance right at award date (\$)	Exercise price	No. vested during year	No. lapsed during year	Balance at end of year	Value of performance rights granted during the year ¹ (\$)	Value of performance rights on held on date of resignation (\$)
Glen Edwards	2020	-	1-Nov-18	14-Aug-20	N/A	0.10	Nil	1,000,000	-	-	-	-
Glen Edwards	2020	-	1-Nov-18	N/A	14-Feb-22	0.10	Nil	-	-	1,000,000	-	-

¹ Determined at the time of grant per AASB 2 *Share-based payments*.

Loans to key management personnel

There were no loans to key management personnel of the Company, including their personally related parties, as at 31 December 2021.

Other transactions and balances with KMP and their related parties

The following transactions were undertaken with key management personnel during the year ended 31 December 2021. Only amounts paid to a KMP or their related entities in addition to remuneration disclosed in the Director and KMP Remuneration table in the remuneration report is shown below.

Entity	Services provided	2021 \$	2020 \$
Konkera Corporate (related party of Evan Cranston)	Accounting, drafting and administrative services	122,023	90,000
Kingslane Pty Ltd (related party of Evan Cranston)	Serviced office lease	48,000	36,000
Konkera Pty Ltd (related party of Evan Cranston)	Underwriting fee (2,500,000 options)	353,750 ¹	-
Kitara Investments Pty Ltd (related party of Tolga Kumova)	Underwriting fee (2,500,000 options)	353,750 ¹	-

¹ Refer Note 9.2

There were no other transactions and balances with key management personnel of the Company, including their personally related parties, as at 31 December 2021.

END OF REMUNERATION REPORT

Auditor's independence declaration

The lead auditor's independence declaration for the year ended to 31 December 2021 has been received and is attached to this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.



Mr Evan Cranston

Non-Executive Chairman

Perth, WA - dated 31st March 2022

COMPETENT PERSON'S STATEMENT

The information in this report that relates to historical exploration results were initially reported by the Company in accordance with Listing Rule 5.7 on 27 November 2020, 11 August 2021, 8 September 2021 and 7 December 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

FORWARD LOOKING STATEMENT

This report may contain certain forward-looking statements and projections regarding estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of African Gold Ltd. The forward-looking statements/projections are inherently uncertain and may, therefore, differ materially from results ultimately achieved.

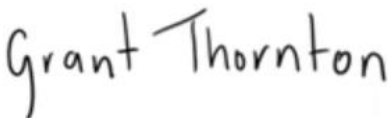
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Auditor's Independence Declaration

To the Directors of African Gold Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of African Gold Ltd for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 31 March 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Accounting and audit		(221,227)	(164,725)
Consultants and contractors		(68,355)	(71,669)
Depreciation and amortisation		(385)	(1,851)
Employee benefits expense		(365,935)	(254,201)
Exploration and evaluation costs		(91,084)	-
Exploration expenditure written off		(337,765)	-
Listing and compliance		(96,042)	(34,142)
Net foreign exchange losses		(2,009)	(7,438)
Office rental and outgoings		(48,000)	(45,527)
Share based payments	9.1	(1,186,900)	(65,291)
Travel and accommodation		(30,264)	(27,447)
Other expenses		(84,243)	(129,602)
Results from operating activities		(2,532,209)	(801,893)
Finance income		194	1,866
Other income		-	84,888
Loss before income tax		(2,532,015)	(715,139)
Income tax expense	19	-	-
Loss for the year after tax from continuing operations		(2,532,015)	(715,139)
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		(72,761)	(39,832)
Other comprehensive loss for the year, net of tax		(72,761)	(39,832)
Total comprehensive loss for the year		(2,604,776)	(754,971)

Loss per share attributable to equity holders of the Company:	Notes		
Loss per share:			
Basic and Diluted loss per share (cents per share)	16	(2.69)	(1.20)

The above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Assets			
Current			
Cash and cash equivalents	4	3,471,375	1,467,417
Trade and other receivables	6	15,619	46,556
Prepayments	6	154,289	4,545
Other current assets	6	30,000	30,000
Total current assets		3,671,283	1,548,518
Non-current			
Exploration and evaluation	12	8,263,327	4,951,106
Property, plant and equipment	13	-	385
Total non-current assets		8,263,327	4,951,491
Total assets		11,934,610	6,500,009
Liabilities			
Current			
Trade and other payables	7	760,240	67,396
Provisions		44,271	13,392
Total current liabilities		804,511	80,788
Total liabilities		804,511	80,788
Net assets		11,130,099	6,419,221
Equity			
Share capital	8	8,447,278	2,973,524
Reserves	9	8,216,182	6,512,905
Accumulated losses		(5,533,361)	(3,067,208)
Total equity		11,130,099	6,419,221

The above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Notes	Share capital	Share based payments reserve	Foreign currency translation reserve	Accumulated losses	Total equity
		\$	\$	\$	\$	\$
At 1 January 2020		1,138,992	6,587,254	192	(2,352,069)	5,374,369
Loss for the year		-	-	-	(715,139)	(715,139)
Other comprehensive income	9	-	-	(39,832)	-	(39,832)
Total comprehensive income		-	-	(39,832)	(715,139)	(754,971)
Issue of share capital	8	1,650,895	-	-	-	1,650,895
Share capital issued for the acquisition of tenements	8	102,941	-	-	-	102,941
Share issue transaction costs	8	(19,304)	-	-	-	(19,304)
Share based payments expense	9	-	65,291	-	-	65,291
Vested performance rights transferred to contributed equity	9	100,000	(100,000)	-	-	-
Balance at 31 December 2020		2,973,524	6,552,545	(39,640)	(3,067,208)	6,419,221
At 1 January 2021		2,973,524	6,552,545	(39,640)	(3,067,208)	6,419,221
Loss for the year		-	-	-	(2,532,015)	(2,532,015)
Other comprehensive income	9	-	-	(72,761)	-	(72,761)
Total comprehensive income		-	-	(72,761)	(2,532,015)	(2,604,776)
Issue of share capital	8	5,006,732	-	-	-	5,006,732
Share capital issued for the acquisition of tenements	8	880,000	-	-	-	880,000
Share capital issued on exercise of options	8	290,000	-	-	-	290,000
Share issue transaction costs – options issued	8	(707,500)	707,500	-	-	-
Share issue transaction costs	8	(47,978)	-	-	-	(47,978)
Share based payments expense	9	52,500	1,134,400	-	-	1,186,900
Expired performance rights transferred to accumulated losses	9	-	(65,862)	-	65,862	-
Balance at 31 December 2021		8,447,278	8,328,583	(112,401)	(5,533,361)	11,130,099

The above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Operating activities			
Payment to suppliers and employees		(911,905)	(705,371)
Interest received		394	1,665
Other income		-	84,888
Net cash used in operating activities	5	(911,511)	(618,818)
Investing activities			
Payment for the acquisition of mining tenements		(200,000)	(178,974)
Payment for exploration expenditure		(2,117,289)	(1,009,342)
Net cash used in investing activities		(2,317,289)	(1,188,316)
Financing activities			
Proceeds from share issuances	8	5,296,732	1,650,895
Share issue transaction costs		(62,702)	(4,579)
Net cash provided by financing activities		5,234,030	1,646,316
Net increase/(decrease) in cash and cash equivalents		2,005,230	(160,818)
Effect of movements in exchange rates on cash held		(1,272)	390
Cash and cash equivalents, at 1 January		1,467,417	1,627,845
Cash and cash equivalents, at year end 31 December	4	3,471,375	1,467,417

The above should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

African Gold Ltd (African Gold or the Company) and its subsidiaries (collectively, the Group) is a for-profit entity for the purpose of preparing the financial statements. Principal activities include exploration and evaluation of mineral resources and pursuing various investment opportunities in the resources sector designed to add shareholder value by acquiring, exploring, evaluating and exploiting mineral resource project opportunities in Africa.

African Gold is a for-profit company incorporated and domiciled in Australia whose shares are publicly traded and listed on the 14 February 2019 on Australian Securities Exchange (ASX: A1G). The address of its registered office and its principal place of business Suite 23, 513 Hay Street, Subiaco WA 6008.

The financial statements were approved and authorised for issue by the Board of Directors on 31st March 2022.

2 Basis of presentation and statement of compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Board (IASB).

The financial report has been prepared on a historical cost basis.

The accounting policies used in the preparation of this financial report, as described below. The financial report is presented in Australian Dollars, being the functional currency of the Company.

3 Going Concern

At 31 December 2021, the Group had cash and cash equivalents of \$3,471,375 (2020: \$1,467,417). The Group incurred a net loss of \$2,532,015 (2020: \$715,139) and had cash outflows from operating and investing activities of \$3,228,800 (2020: \$1,807,134) during the year ended 31 December 2021.

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the Group to continue as a going concern is dependent upon the future successful raising of the necessary funding through equity and/or debt and the successful exploitation of the Group's tenements. In the event that further funding is not available, the Group may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

The Directors are, however, confident that further funding will be obtained to meet the Group's objectives. In addition, the Directors have considered the minimum expenditure requirements necessary in order to maintain tenements in good standing and to meet the committed expenditures for the 12 month period from the date of this report and consider the going concern basis of preparation as appropriate.

4 Cash and cash equivalents

Cash and cash equivalents	2021 \$	2020 \$
Cash in hand and at bank	3,471,375	1,467,417

5 Reconciliation of net profit after tax to net cash flows from operations

	2021	2020
Cash flows from operating activities		
Loss for the year	(2,532,015)	(715,139)
Non-cash items		
Share based payments	1,186,900	65,291
Depreciation and amortisation	385	1,851
Exploration expenditure written off	337,765	-
Exploration expenditure expensed	91,084	-
Foreign exchange gain/(loss)	6,327	(6)
Net changes in working capital:		
Change in trade and other	(137,272)	(10,561)
Change in prepayments	306	74,954
Change in employee benefits	16,369	(9,380)
Change in trade and other payables	118,640	(25,828)
Net cash used in operating activities	(911,511)	(618,818)

6 Trade, other receivables, prepayments and other current assets

Trade and other receivables	2021 \$	2020 \$
Other receivables	15,619	46,556
Total	15,619	46,556

Prepayments	2021 \$	2020 \$
Other prepayments	154,289	4,545
Total	154,289	4,545

Other current assets	2021 \$	2020 \$
Security deposit	30,000	30,000
Total	30,000	30,000

7 Trade and other payables

	2021 \$	2020 \$
Trade payables	420,618	43,043
Other payables and accruals	339,622	24,353
Total	760,240	67,396

¹Includes \$165,382 acquisition costs for the Falémé Gold Project and \$96,474 acquisition costs for the Kofi Quest Permit.

8 Share capital

Ordinary Shares	No. of Shares	\$
Share capital at 1 January 2020	58,100,001	1,138,992
Shares issued as part consideration for Bourdala Permit	735,294	102,941
Conversion of performance rights held by Glen Edwards	1,000,000	100,000
Shares issued via placement at \$0.10 per share	8,975,294	897,529
Shares issued via non-renounceable rights issue at \$0.10 per share	7,533,664	753,366
Less cost of share issues	-	(19,304)
At 31 December 2020	76,344,253	2,973,524
Shortfall shares issued from non-renounceable rights issue at \$0.10 per share	2,438,885	243,889
Shares issued as part consideration for Kouroufaba Gold Project ⁽¹⁾	4,000,000	880,000
Employee incentive shares issued ⁽²⁾	250,000	52,500
Shares issued via entitlement offer at \$0.10 per share	8,024,706	802,471
Shares issued on exercise of options at \$0.20 per share	100,000	20,000
Shares issued on exercise of options at \$0.20 per share	250,000	50,000
Shares issued on exercise of options at \$0.20 per share	1,000,000	200,000
Shares issued via entitlement offer at \$0.15 per share	19,565,773	2,934,866
Shortfall shares issued from non-renounceable rights issue at \$0.15 per share	6,836,711	1,025,506
Shares issued on exercise of options at \$0.20 per share	100,000	20,000
Less cost of share issues ⁽³⁾	-	(755,478)
At 31 December 2021	118,910,328	8,447,278

The share capital of the Company consists only of fully paid ordinary shares. The shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

- (1) 4,000,000 shares in the Company issued to the vendors of the Kouroufaba Gold Project on a pro-rata basis with a fair value of \$880,000 based on a closing price of \$0.22 on 5 February 2021 being the date of shareholder approval of the acquisition.
- (2) 250,000 employee incentive shares at a fair value of \$0.21 per shares being the closing price on the issue date of 22 February 2021.
- (3) The cost of share issues includes \$707,500 being the fair value of 5,000,000 unlisted options issued to Mr Evan Cranston (2,500,000 options) and Mr Tolga Kumova (2,500,000 options), or their nominees, for underwriting the non-renounceable entitlement issue undertaken in December 2020.

9 Reserves

The following table shows the movements in reserves during the year:

	Share based payments reserve \$	Foreign currency translation reserve \$	Total reserves \$
Balance at 1 January 2020	6,587,254	192	6,587,446
Foreign currency translation differences	-	(39,832)	(39,832)
Total comprehensive loss	-	(39,832)	(39,832)
Transactions with owners in their capacity as owners:			
Performance rights	65,291	-	65,291
Vested performance rights transferred to contributed equity	(100,000)	-	(100,000)
Balance at 31 December 2020	6,552,545	(39,640)	6,512,905
Balance at 1 January 2021	6,552,545	(39,640)	6,512,905
Foreign currency translation differences	-	(72,761)	(72,761)
Total comprehensive loss	-	(72,761)	(72,761)
Transactions with owners in their capacity as owners:			
Share-based payment transactions	1,134,400	-	1,134,400
Expired performance rights	(65,862)	-	(65,862)
Options issued to underwriters	707,500	-	707,500
Balance at 31 December 2021	8,328,583	(112,401)	8,216,182

9.1 Share based payments

Year ended 31 December 2021:

During the year ended 31 December 2021, the Company made the following share based payments:

1. Issuing 250,000 employee incentive shares at a fair value of \$0.21 per shares being the closing price on the issue date of 22 February 2021, for a total fair value of \$52,500.
2. Issuing 5,000,000 unlisted options were issued to Mr Evan Cranston (2,500,000 options) and Mr Tolga Kumova (2,500,000 options), or their nominees, for underwriting the non-renounceable entitlement issue undertaken in December 2020. The fair value of these options was \$707,500 (refer Note 9.2) and the amount was treated as a capital raising cost and accounted for against Share Capital in the Statement of Financial Position.
3. Issued 10,000,000 unlisted options to Key Management Personnel with a total fair value of \$1,134,400 (refer Note 9.2).

Year ended 31 December 2020:

During the year ended 31 December 2020, the Company made the following share based payments:

- 735,294 Shares issued to Doumou Sarl as consideration for US\$50,000 payable for the Bourdala Permit.
- Expensing an amount of \$65,291 being a proportion of performance rights which were originally issued on 1 November 2018 and are being recognised as an expense on a straight-line basis over the vesting period.

Set out below is a summary of unlisted options and performance rights outstanding at 31 December 2021:

	Vested	Unvested	Issue Date	Expiry date	Exercise price (Cents)	Fair value per unit (Cents)	Total fair value \$
Unlisted options	9,150,000	-	07/02/19	07/02/22	0.20	0.1257 ⁽¹⁾	1,150,155
Unlisted options	34,150,000	-	20/03/18	17/04/23	0.20	0.1503 ⁽¹⁾	5,132,745
Unlisted options	5,000,000	-	22/02/21	22/02/24	0.20	0.1415 ⁽¹⁾	707,500
Unlisted options	6,000,000	-	31/08/21	31/08/24	0.30	0.1187 ⁽¹⁾	712,200
Unlisted options	2,000,000	-	31/08/21	31/08/24	0.30	0.0981 ⁽¹⁾	196,200
Unlisted options	2,000,000	-	31/08/21	31/08/24	0.30	0.1130 ⁽¹⁾	226,000

Set out below is a summary of unlisted options and performance rights outstanding at 31 December 2020:

	Vested	Unvested	Issue Date	Expiry date	Exercise price (Cents)	Fair value per unit (Cents)	Total fair value \$
Unlisted options	9,750,000	-	07/02/19	07/02/22	0.20	0.1257 ⁽¹⁾	1,225,118
Unlisted options	35,000,000	-	20/03/18	31/3/23	0.20	0.1503 ⁽¹⁾	5,261,565
Performance Rights	-	1,000,000	01/11/18	2-4 years	N/A	0.10 ⁽²⁾	100,000

(1) Valuation was determined using a Black Sholes pricing model.

(2) The performance rights have non-market vesting conditions only. Management estimates the number of units that are expected to vest, and the total fair value of the issuance is recognised over the vesting period (which is the period to expiry).

9.2 Share options and performance rights issued during the year

Share options

The Company has determined the fair value of its options awarded using the Black Scholes pricing model. The following share options were issued during the year ended 31 December 2021, alongside the key inputs utilised in the pricing model, including the Company's risk-free borrowing rate and volatility of the Company's shares.

	Underwriting Options	KMP Options #1	KMP Options #2	KMP Options #3
Underlying value of the security	\$0.21	\$0.205	\$0.18	\$0.20
Exercise price	\$.20	\$0.30	\$0.30	\$0.30
Valuation date	23/02/2021	30/07/2021	30/08/2021	28/08/2021
Expiry date	22/02/2024	31/08/2024	31/08/2024	31/08/2024
Life of Options in years	3.0	3.1	3.0	3.0
Volatility	111.42%	105.87%	105.57%	105.45%
Risk free rate	0.13%	0.13%	0.15%	0.17%
Number of Options	5,000,000	6,000,000	2,000,000	2,000,000
Valuation per Option	\$0.1415	\$0.1187	\$0.0981	\$0.1130
Valuation	\$707,500	\$712,200	\$196,200	\$226,000
Total consideration paid by option holders	-	-	-	-
Valuation less consideration paid	\$707,500	\$712,200	\$196,200	\$226,000

The KMP Options were issued to the following Key Management Personnel for nil consideration:

Key management personnel	Option series	Grant date	No. of options	Value per option	Total fair value of options issued	No. of options vested
Simon Bolster	KMP Options #1	30/07/2021	2,000,000	\$0.1187	\$237,400	2,000,000
Mathew O'Hara	KMP Options #1	30/07/2021	2,000,000	\$0.1187	\$237,400	2,000,000
Peter Williams	KMP Options #1	30/07/2021	2,000,000	\$0.1187	\$237,400	2,000,000
Oonagh Malone	KMP Options #2	30/08/2021	2,000,000	\$0.0981	\$196,200	2,000,000
Glen Edwards	KMP Options #3	28/08/2021	2,000,000	\$0.1130	\$226,000	2,000,000
Total			10,000,000		\$1,134,400	10,000,000

9.2 Share options and performance rights issued during the year (continued)

Movement in options during the year:

Expiry date	Exercise price	On issue at 1 January 2021	Granted	Exercised	Lapsed/ forfeited	On issue at 31 December 2021	Vested and exercisable at 31 December 2021
7/02/2022	\$0.20	9,750,000	-	(600,000)	-	9,150,000	9,150,000
17/04/2023	\$0.20	35,000,000	-	(850,000)	-	34,150,000	34,150,000
22/02/2024	\$0.20	-	5,000,000	-	-	5,000,000	5,000,000
31/08/2024	\$0.30	-	10,000,000	-	-	10,000,000	10,000,000
Total		44,750,000	15,000,000	(1,450,000)	-	58,300,000	58,300,000

Performance rights

There were no performance rights issued during the year ended 31 December 2021.

No. held at beginning of year	Award date	Vesting date	Expiry date	Fair value of performance right at award date (\$)	Service period date	No. vested during year	No. lapsed during year	Amount of expense recognised during the prior year (\$)	Amount of expense recognised during the year (\$)
1,000,000	1/11/18	N/A	14/2/22	0.10	14/2/22	-	-	65,291	-

The table above discloses the number of performance rights granted, vested or lapsed during the year. Each performance rights converts to one ordinary share in the Company upon satisfaction of the performance conditions linked to the rights. The rights do not carry any other privileges. The fair value of the performance rights granted is determined based on the number of rights awarded multiplied by the share price of the Company on the date awarded.

During the year, management assessed the probability of satisfying the vesting conditions of the 1,000,000 performance rights held by Mr Glen Edwards as 0%. Accordingly, no pro-rata expense for these performance rights was recognised during the reporting period.

Movement in performance rights during the year:

Grant date	Expiry date	On issue at 1 January 2021	Granted	Lapsed/ forfeited	Converted	On issue at 31 December 2021
1/11/2018	14/02/2022	1,000,000	-	-	-	1,000,000
Total		1,000,000	-	-	-	1,000,000

9.3 Share Options and performance rights Issued during the prior year

There were no share options or performance rights issued during the year ended 31 December 2020.

10. Asset acquisition - Kouroufaba Gold

In February 2021, the Company entered into an option agreement to acquire 80% of the Kouroufaba Gold Project which gives access to a strategic land holding consisting of the Didievi granted permit and 3 permit applications totalling 1,534km² of prospective tenure over proven Birimian greenstone belts in Central Côte d'Ivoire.

Terms of the Agreement

- 1) Payment of \$200,000 (settled with the vendors during February and March 2021); and
- 2) 4,000,000 shares in the Company issued to the vendors on a pro-rata basis on 23rd February 2021 (together, the Initial Payment).
- 3) The Company has been granted an exclusive option to acquire 80% of the issued capital of Kouroufaba Gold from the vendors (Earn-in Option). To exercise the Earn-in Option, the Company must:
 - a. Expend not less than \$5,000,000 of exploration expenditure in the five year period commencing upon satisfaction of the Initial Payment (Expenditure Requirement);
 - b. Either:
 - i. subject to future shareholder approvals, issue shares with the value of \$200,000 to the vendor (or its nominee) on each 12 month anniversary of the Initial Payment date, based on a deemed issue price per share equal to the 30 Day VWAP prior to the shareholder meeting (Annual Acquisition Shares). The maximum number of Annual Acquisition Share tranches that must be made under the terms sheet is five, however, the number may be lower if the Company satisfies the Expenditure Requirement prior to the end of the fifth anniversary of the Initial Payment; or
 - ii. pay \$150,000 cash (on a pro-rata basis) in lieu of the issue of Annual Acquisition Shares; and
 - c. Execute a royalty deed pursuant to which the Company agrees to pay a net smelter return royalty of up to 2% of the production from the Kouroufaba Project to the relevant royalty holder in respect of the relevant tenement.
- 4) Upon completion of the acquisition, the Company will continue in an 80 / 20 joint venture with the vendors and will free carry the vendors. Subject to the joint venture making a decision to mine on the Kouroufaba Project, the Company will have the right, but not the obligation, to acquire the remaining 20% of the Kouroufaba Project, on commercial terms agreed between the parties acting reasonably. In the event an agreement on pricing cannot be reached, the pricing will be determined by an independent expert.

11 Operating segment

The Group reports two segments for the year ended 31 December 2021 (2020: 2):

- Exploration and evaluation of Minerals in Cote d'Ivoire
- Exploration and evaluation of Minerals in Mali

These are the geographical areas, the results are which reported to the chief operating decision maker, being the Chief Executive Officer and Exploration Manager for the purposes of assessing performance and determining the allocation of resources.

	Mali \$	Cote d'Ivoire \$	Total \$
Year ended 31 December 2021			
Segment results - Loss after income tax	(286,062)	(102,327)	(388,389)
Unallocated losses after income tax			(2,143,626)
Loss after income tax			(2,532,015)
As at 31 December 2021			
Segment assets	3,172,686	5,285,398	8,458,084
Unallocated assets			3,476,526
Total assets			11,934,610
Segment liabilities	(14,510)	-	(14,510)
Unallocated liabilities			(790,001)
Total liabilities			(804,511)

	Mali \$	Cote d'Ivoire \$	Total \$
Year ended 31 December 2020			
Segment results - Loss after income tax	(14,792)	(6,722)	(21,514)
Unallocated losses after income tax			(693,625)
Loss after income tax			(715,139)
As at 31 December 2020			
Segment assets	2,386,997	2,651,589	5,038,586
Unallocated assets			1,461,423
Total assets			6,500,009
Segment liabilities	-	-	-
Unallocated liabilities			(80,788)
Total liabilities			(80,788)

12 Exploration and evaluation

	Notes	2021 \$	2020 \$
Opening balance as at 1 January		4,951,106	4,390,255
Acquisition of Falémé Gold Project ⁽¹⁾		165,382	-
Acquisition of Kofi Quest Permit ⁽¹⁾		92,064	24,739
Final payment of acquisition of Walia Permit		-	53,744
Acquisition of Kouroufaba Gold Project ⁽²⁾		1,080,000	-
Amount capitalised during the year		2,357,294	513,885
Exploration expenditure written off ⁽³⁾		(337,765)	-
Foreign exchange movement		(44,754)	(31,517)
Closing balance as at 31 December		8,263,327	4,951,106

- (1) The Group has accrued the remaining payment obligations for Faleme Gold Project (BouBou and Bourdala Permits) and the Kofi Quest Permit as at 31 December 2021.
- (2) During the period ended 31 December 2021, the Company entered into an option agreement to acquire 80% of the Kouroufaba Gold Project for the following consideration:
- i) Payment of \$200,000; and
 - ii) 4,000,000 shares in the Company issued to the vendors on a pro-rata basis with a fair value of \$880,000 based on a closing price of \$0.22 on 5 February 2021 being the date of shareholder approval of the acquisition.
- (3) On 3 July 2021, the Group relinquished the Diokeba Sud and Tintinba Nord Permits in Mali and, accordingly, capitalised exploration costs for these permits was written off as at 31 December 2021.

13 Property, plant and equipment

	2021 \$	2020 \$
Opening carrying amount	385	2,236
Additions	-	-
Less: Depreciation	(385)	(1,851)
Closing carrying amount	-	385

14 Controlled entities

Entities forming part of African Gold Ltd consolidated group are as follows:

	Country of incorporation	Percentage Owned %	
		2021	2020
Abra Resources Pty Ltd	Australia	100	100
Tanzanian Nickel Pty Ltd	Australia	100	100
Golden Ivoire SARL	Cote d'Ivoire	100	100
African Gold Mali SARL	Mali	100	100
Eureka Gold SARL	Mali	100	100
Catalyst Resources SARL	Mali	100	100
Millerite Tanzania Limited	Tanzania	100	100

15 Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's principal financial instruments comprise cash. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

15.1 Credit Risk

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

The Company holds the majority of its cash and cash equivalents with banks and financial institution counterparties with acceptable credit ratings. As part of managing its credit risk on cash and cash equivalents, the majority of funds are held in Australian banks, which have a higher credit rating amongst the banks and financial institution counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the end of the reporting period was as follows:

Financial assets	Note	Carrying amount 2021 \$	Carrying amount 2020 \$
Cash and cash equivalents	4	3,471,375	1,467,417
Trade and other receivables	6	45,619	76,556

None of the Company's trade and other receivables are past due as at 31 December 2021 (2020: Nil).

15.2 Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by monitoring forecast cash flows, only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Company in managing its cash flows. Financial liabilities are expected to be settled within 12 months.

2021	Note	Carrying amount \$	Contractual Cash Flows \$	6 Months or less \$
Trade payables	7	420,618	420,618	420,618
2020				
Trade payables	7	43,043	43,043	43,043

Risks associated with market risk, credit risk and liquidity risk are not considered material with respect to the above items.

15 Risk Management Framework (continued)

15.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Currency Risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of the Group entities, being AUD and CFA. The currencies in which these transactions are primarily denominated are AUD, CFA, EUR and USD.

The Group's investments in its Mali and Ivory Coast subsidiaries are denominated in CFA and are not hedged as those currency positions are considered to be long term in nature.

(b) Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash. Cash includes funds held in cheque accounts during the year, which earned variable interest at rates ranging between 0.01% and 0.05% (2020: 0.05% and 1.25%) depending on the bank account type and account balances these amounts are not considered material.

The Company has no loans or borrowings.

16 Loss per share

	2021 \$	2020 \$
Net loss attributable to ordinary equity holders of the Company	(2,532,015)	(715,139)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	94,240,577	59,498,785
Loss per share (cents per share)	(2.69)	(1.20)

Both the basic and diluted loss per share is calculated using the loss attributable to shareholders of the Company as the numerator (i.e. no adjustments to losses were necessary in 2021).

58,300,000 (2020: 44,750,000) potential ordinary shares (options & rights) have not been included in determining the diluted loss per share as they are not considered to be dilutive due to the loss position of the Company for year ended 31 December 2021.

17 Auditor remuneration

	2021 \$	2020 \$
Audit and review of financial statements		
Auditors - Grant Thornton Australia	39,770	30,860
Non-audit services		
Taxation services	8,650	7,400
Total auditor's remuneration	48,420	38,260

18 Contingent liabilities

Kouroufaba Gold Project

To exercise the Earn-in Option in relation to the Kouroufaba Gold Project, the Company must either:

- Subject to future Shareholder approvals, issue Shares with the value of \$200,000 to the Seller (or its nominee) on each 12 month anniversary of the Initial Payment Date, based on a deemed issue price per Share equal to the 30 Day VWAP prior to the Shareholder meeting (Annual Acquisition Shares). The maximum number of Annual Acquisition Share tranches that must be made under the Terms Sheet is five, however, the number may be lower if the Company satisfies the Expenditure Requirement prior to the end of the fifth anniversary of the Initial Payment; or
- Pay \$150,000 cash (on a pro-rata basis) in lieu of the issue of Annual Acquisition Shares.

The decision to issue the Annual Acquisition Shares or make the cash payment is contingent on the results from exploration activities to be undertaken on the project area. The Group made its first annual payment of \$150,000 on 22nd February 2022.

The Company has also agreed to pay a net smelter return royalty of up to 2% of the production from the Kouroufaba Project to the relevant royalty holder in respect of the relevant Tenement.

19 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of African Gold Ltd at 26% and the reported tax expense in profit or loss are as follows:

	2021 \$	2020 \$
Accounting profit before tax	(2,532,015)	(715,139)
<i>Income Tax Expense to Accounting Profit</i>		
Domestic tax rate for African Gold Ltd 26% (2020: 27.5%)	(658,324)	(196,663)
Difference of effective foreign income tax rates	(1,821)	107
Non-assessable income	-	(23,344)
Expenditure not allowed for income tax purposes		
Share based payments	308,594	17,955
Other non-deductible items - foreign expenditure	159,726	72,612
Deferred Tax Asset not brought to account	1,854	(771)
Deferred Tax Asset losses not brought to account	189,971	130,104
Income tax expense (benefit)	-	-
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
Unrecognised deferred tax asset losses - Australia	447,414	308,117
Unrecognised deferred tax asset losses - Foreign	161,018	18,969
Unrecognised deferred tax asset temporary differences	26,501	8,812
Unrecognised deferred tax liability	(1,102)	(1,250)
	633,831	334,648

20 Related parties

Names and positions of key management personnel in office at any time during the financial year:

Name	Position
Evan Cranston	Non-Executive Chairman
Simon Bolster	Non-Executive Director (appointed 23 February 2021)
Tolga Kumova	Non-Executive Director
Mathew O'Hara	Non-Executive Director
Peter Williams	Non-Executive Director (appointed 23 February 2021)
Oonagh Malone	Company Secretary
Glen Edwards	Chief Executive Officer and Exploration Manager

The following table provides a summary of the nature and amount of the elements of key management personnel remuneration for the year.

	2021	2020
	\$	\$
Short term benefits	475,257	414,080
Long-term employee benefits	5,646	-
Post-employment benefits	21,814	23,073
Share based payments (non-cash)	1,134,400	65,291
Total	1,637,117	502,444

Transactions with related parties

The following transactions were undertaken with key management personnel during the year ended 31 December 2021.

Entity	Services provided	2021	2020
		\$	\$
Konkera Corporate (related party of Evan Cranston)	Accounting, drafting and administrative services	122,023	90,000
Kingslane Pty Ltd (related party of Evan Cranston)	Serviced office lease	48,000	36,000
Konkera Pty Ltd (related party of Evan Cranston)	Underwriting fee (2,500,000 options)	353,750 ¹	-
Kitara Investments Pty Ltd (related party of Tolga Kumova)	Underwriting fee (2,500,000 options)	353,750 ¹	-

¹ Refer Note 9.2

There were no other transactions and balances with key management personnel of the Company, including their personally related parties, as at 31 December 2021.

The serviced office agreement does not create a lease under *AASB 16 Leases* because it does not specify or effectively enable fixed office locations.

21 Abra Resources acquisition - contingent consideration shares

On 15th November 2019, African Gold completed the acquisition of Abra Resources Pty Ltd (Abra). The terms of the purchase were released on 5 September 2019. As at 31 December 2021, no contingent consideration shares had been issued and the remaining contingent consideration shares and milestones are as shown below. No contingent consideration has been recognised as a liability or included in the cost of the asset.

- i. Tranche 1: ASX announcement by African Gold of:
 1. a JORC 2012 compliant Inferred, Indicated or Measured Resource with a minimum grade of 1.5g/t for a total of at least 500,000oz of gold located within the projects; or
 2. an announcement by the Company of the commercial production of gold from any of the projects, within 3 years of completion – number of Contingent Consideration shares 2,500,000;
- ii. Tranche 2: ASX announcement by African Gold of:
 1. a JORC 2012 compliant Inferred, Indicated or Measured Resource with a minimum grade of 1.5g/t for a total of at least 1,000,000oz of gold located within the projects; or
 2. an announcement by the Company of the commercial production of gold from any of the projects, within 4 years of completion – number of Contingent Consideration shares 5,000,000; and
- iii. Tranche 3: ASX announcement by African Gold of:
 1. a JORC 2012 compliant Inferred, Indicated or Measured Resource with a minimum grade of 1.5g/t for a total of at least 2,000,000oz of gold located within the projects; or
 2. an announcement by the Company of the commercial production of gold from any of the projects, within 5 years of completion – number of Contingent Consideration shares 5,000,000.

22 Parent entity disclosure

The following information relates to the parent entity, African Gold Ltd, as at and for the year ended 31 December 2021.

	2021 \$	2020 \$
Loss for the year	(2,714,676)	(803,527)
Other comprehensive expenses	-	-
Total Comprehensive loss for the year	(2,714,676)	(803,527)
Financial Position of parent entity at year end:		
Current assets	8,739,233	3,965,271
Non-current assets	3,180,866	2,534,740
Total assets	11,920,099	6,500,011
Current liabilities	790,000	80,789
Total liabilities	790,000	80,789
Total equity of the parent entity comprising of:		
Contributed equity	8,447,278	2,873,524
Share-based payment reserve	8,328,583	6,652,545
Accumulated losses	(5,645,762)	(3,106,847)
Total equity	11,130,099	6,419,222

23 Post-reporting date events

There have not been any events that have arisen between 31 December 2021 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

24 Commitments

The Group is required to meet minimum expenditure commitments in relation to its tenements and keep them in good standing. The exploration commitments shown below are the Group's estimated exploration expenditure on its tenements based on proposed work programs submitted to the government mining departments in Mali and Ivory Coast as at the date of this report. The commitments below exceed the minimum expenditure to keep the tenements in good standing and assume any currently pending tenement renewals are granted.

A total expense of \$48,000 (2020: \$36,000) was recognised during the period under a serviced office agreement. The serviced office agreement does not lead to the recognition of any right-of-use asset or associated lease liability because the serviced office agreement does not specify or effectively require an identified asset.

	2021 \$	2020 \$
Exploration commitments		
Due within 1 year	3,937,369	4,826,116
Due greater than 1 year and less than 5	8,014,886	5,924,042
Serviced office commitment		
Due within 1 year	48,000	48,000
Due greater than 1 year and less than 5	-	-
Total	12,000,255	10,798,158

25 Summary of significant accounting policies

25.1 Parent entity information

In accordance with *the Corporations Act 2001*, these financial statements present the results of the Group only, and information about the parent entity is disclosed in Note 22.

25.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Subsidiaries are entities that are controlled by the Company. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with its subsidiaries and has the ability to affect those returns through its capacity to direct the activities of its subsidiaries.

Specifically, the Group controls a subsidiary if, and only if, the Group has:

- power over the subsidiary (i.e., existing rights that give it the current ability to direct the relevant activities of the subsidiary)
- exposure, or rights, to variable returns from its involvement with the subsidiary
- the ability to use its power over the subsidiary to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of a subsidiary, the Group considers all relevant facts and circumstances in assessing whether it has power over a subsidiary, including:

- the contractual arrangement(s) with the other vote holders of the subsidiary

- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

The consolidated entity re-assesses whether or not it controls an entity if facts and circumstances indicate that there is a change to the elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the consolidated entity gains control until the date the consolidated entity ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries align to their accounting policies with the Group. All consolidated entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

25.3 Interest Income

Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable.

25.4 Trade and Other Payables

These amounts represent liabilities for amounts owing at the end of the reporting period. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are initially recognised at fair value less transaction costs and subsequently carried at amortised cost.

25.5 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

25.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

25.7 Equity

Share capital is recognised at the fair value of the consideration received. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

25.8 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 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 in 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 components of investing and financing activities, which are disclosed as operating cash flows.

25.9 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is capitalised and accumulated in respect of each identifiable area of interest. The costs are only carried forward to the extent that they are valid exploration and evaluation expenditure in area of interests that have current tenement licenses belonging to the company and expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable resources and further work is intended to be performed. Accumulated costs in relation to an abandoned area will be written off in full against the profit and loss in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

25.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

25.11 Share based payment transactions

The Company may provide benefits to individuals acting as, and providing services similar to employees (including Directors) of the Company in the form of share based payment transactions, whereby individuals render services in exchange for shares, options 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. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the value of the shares of the Company ('market conditions').

The cost of the 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 Company, will ultimately vest. This opinion is formed based on the best available information at the balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at the grant date.

25.12 Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. Liabilities arising in respect of wages and salaries, annual leave and other benefits due to be settled within twelve months of the reporting date are measured at rates which are expected to be paid when the liability is settled.

All other employee entitlement liabilities are measured at the present value of estimated payments to be made in respect of services rendered up to reporting date.

Contributions for other post-employment benefits to defined contribution plans are recognised in comprehensive income as incurred during the period in which employees render the related service.

25.13 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

25.14 Financial instruments

i) Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Other receivables

Other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method, less an allowance for any estimated shortfall in receipt. An estimate of any shortfall in receipt is made when there is objective evidence a loss has been incurred. Bad debts are written off when identified.

Trade and other payables

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The carrying period is dictated by market conditions but is generally less than 45 days.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding Financial assets at amortised cost are subsequently measured using the

effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss will be recognised through an allowance. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other debt financial assets (i.e., cash on deposit at bank). The ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

The Group's financial liabilities are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value.

The Group's financial liabilities include trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

The Group's financial liabilities are subsequently measured at amortised cost.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

25.15 Foreign currency transactions and balances

Transactions and balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the date of the transaction and foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction and non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss component of the statement of profit or loss and other comprehensive income, except where they are deferred in equity as a qualifying cash flow or net investment hedge.

Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. Exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

25.16 Significant Estimates and Judgments

The Group has applied the following estimates and judgments pertaining to the financial report:

Share options

- (i) Volatility of share price and risk-free rate

For the purposes of the Black Scholes models used in Note 9, the Company has estimated the volatility of its share price based on other companies considered to be comparable, being junior exploration companies listed on the ASX and with African gold assets.

Performance rights

For performance rights, the Group makes a judgment around whether performance conditions, linked to exploration and evaluation activities, are more than probable to be met at which point the value of the rights are recognised either in full or over any service period. This judgment is made based on management's knowledge of the performance condition and how the Group is tracking based on exploration and evaluation activities as at the report date and with reference to subsequent events.

25.17 Loss per share

Earnings per share

(i) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

25.18 Capital management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group. Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management considers that the total equity of the Group (contributed equity, reserves and retained earnings) is what it manages as capital.

25.19 New and amended accounting standards

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to the Group's operations and effective for annual reporting periods commencing on or after 1 January 2021.

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to accounting policies.

Future effects of the implementation of these standards will depend on future details.

New and amended accounting standards and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these financial statements. The Group has not elected to adopt any new Accounting Standards or Interpretations prior to their applicable date of implementation.

There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of African Gold Ltd, I state that:

In the opinion of the Directors:

- (a) the consolidated financial statements and accompanying notes for the year ended 31 December 2021 and are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of their performance for the period ended on that date; and
 - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
- (b) the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 2 and;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) 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 period ended 31 December 2021.

On behalf of the Board:



Mr Evan Cranston

Non-Executive Chairman

Dated the 31st March 2022

Independent Auditor's Report

To the Members of African Gold Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of African Gold Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, 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:

- a giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year ended on that date; and
- b 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 auditor independence requirements of 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* (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 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 3 in the financial statements, which indicates that the Group incurred a net loss of \$2,532,015 and had cash outflows from operating and investing activities of \$3,228,800 during the year ended 31 December 2021. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. 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.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Notes 12 & 25.9	
<p>At 31 December 2021, the carrying value of exploration and evaluation assets was \$8,263,327.</p>	<p>Our procedures included, amongst others:</p>
<p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p>	<ul style="list-style-type: none"> • obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including;
<p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p>	<ul style="list-style-type: none"> ○ tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; ○ enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; ○ understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
<p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<ul style="list-style-type: none"> • assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; • evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and our 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.

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 Group's ability 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 have 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: http://www.auasb.gov.au/auditors_responsibilities/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 24 of the Directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of African Gold Ltd, for the year ended 31 December 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 31 March 2022

ADDITIONAL SHAREHOLDER INFORMATION

In accordance with ASX Listing Rule 4.10, the following information is provided as at 22 March 2022.

TOP 20 HOLDERS OF ORDINARY SHARES

RANK	NAME	UNITS	% OF ISSUED CAPITAL
1	Kingslane Pty Ltd <Cranston Super Pension A/C>	8,250,001	6.91
2	Kitara Investments Pty Ltd <Kumova Family A/C>	8,250,001	6.91
3	HSBC Custody Nominees (Australia) Limited	8,236,370	6.90
4	BNP Paribas Nominees Pty Ltd ACF Clearstream	6,023,510	5.04
5	Redstar Resources Limited	4,455,000	3.73
6	BNP Paribas Noms Pty Ltd <DRP>	4,180,152	3.50
7	Mr Mohamed Niare	3,976,747	3.33
8	Kitara Investments Pty Ltd <Kumova Family A/C>	3,629,819	3.04
9	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	3,111,117	2.61
10	Mr Stanislas De Stabernrath	2,862,484	2.40
11	BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	2,163,024	1.81
12	Mr Mark John Bahen & Mrs Margaret Patricia Bahen <MJ Bahen Super Fund A/C>	2,024,723	1.70
13	Mr Glen Warren Edwards	2,014,287	1.69
14	Symorgh Investments Pty Ltd <Symorgh A/C>	2,000,000	1.67
15	Kobia Holdings Pty Ltd	1,800,000	1.51
16	Hunter Capital Advisors P/L	1,800,000	1.51
17	Citicorp Nominees Pty Limited	1,744,406	1.46
18	Mr Eric Kondo	1,500,000	1.26
19	Antman Holdings Pty Ltd	1,424,994	1.19
20	Malekula Projects Pty Ltd	1,392,859	1.17
Total: Top 20 Holders of Ordinary Fully Paid Shares		70,839,494	59.32
Total Remaining Holders Balance		48,570,834	40.68

UNMARKETABLE PARCELS

There were 84 shareholders with less than a marketable parcel of shares, based on the closing price of \$0.19.

RANGE OF SHARES

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 - 1,000	36	6,104	0.01
1,001 - 5,000	119	362,764	0.30
5,001 - 10,000	89	714,037	0.60
10,001 - 100,000	203	8,160,317	6.83
100,001 Over	121	110,167,106	92.26
Total	568	119,410,328	100

SUBSTANTIAL HOLDERS

NAME	UNITS	% OF ISSUED CAPITAL
Kitara Investments Pty Ltd	11,879,820	9.95
Kingslane Pty Ltd <Cranston Super Pension A/C>	9,006,428	7.54

UNQUOTED SECURITIES

CLASS	NUMBER
Unquoted Options exercisable at \$0.20 each on or before 17 April 2023	34,150,000
Unquoted Options exercisable at \$0.20 each on or before 22 February 2024	5,000,000
Unquoted Options exercisable at \$0.30 each on or before 31 August 2024	10,000,000
Performance Rights – subject to various performance conditions	1,000,000

No individual holds > 20% of the unquoted securities on issue.

VOTING RIGHTS / RESTRICTED SECURITIES / ON-MARKET BUY BACK

In accordance with the Company's constitution, on a show of hands every member presenting person or by proxy or attorney or duly appointed representative has one vote. On a poll every member present or by proxy or attorney or duly authorised representative has one vote for every fully paid share held.

The Company has no restricted securities.

There is currently no on-market buy back taking place.

COMPANY SECRETARY

Ms Oonagh Malone

REGISTERED OFFICE

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SHARE REGISTRY

Automatic Registry Services

Level 5, 126 Phillip Street

Sydney NSW 2000

Phone (within Australia): 1300 288 664

Phone (International): +61 (0)2 9698 5414

MINERAL TENEMENTS

TENEMENT NAME	LOCATION	% OF OWNERSHIP
Agboville	Côte d'Ivoire	100%
Sikensi	Côte d'Ivoire	100%
Azaguie	Côte d'Ivoire	Pending, 100%
Gomon	Côte d'Ivoire	Pending, 100%
Sitakili	Mali	100%
Walia	Mali	95%
Samanafoulou	Mali	100%
N'Golokasso	Mali	Pending 100%
Yatia Sud	Mali	100%
Bourdala	Mali	Up to 90% (subject to earn in agreement); ability for 100%
BouBou	Mali	Up to 90% (subject to earn in agreement); ability for 100%
Kofi Quest	Mali	100%
Didievi	Côte d'Ivoire	Up to 80% (subject to earn in agreement)
Konahiri North	Côte d'Ivoire	Up to 80% (subject to earn in agreement)
Konahiri South	Côte d'Ivoire	Up to 80% (subject to earn in agreement)
Koyekro	Côte d'Ivoire	Up to 80% (subject to earn in agreement)

