

ASX Announcement

31 January 2023

31 December 2022 Quarterly Report

HIGHLIGHTS

DIDIEVI PROJECT

- An independent review of exploration results enabled a high-grade exploration target on the Didievi Project.
- Follow up drilling due to commence in the coming weeks.

AGBOVILLE PROJECT

- Field exploration discovered outcropping pegmatite intrusions, together with coincident lithium, caesium, tantalum (LCT) and rubidium anomalism in stream sediment samples on the Agboville Project.
- Detailed mapping and sampling confirmed broad areas of outcropping pegmatites on the Project.
- Stream sediment results have confirmed LCT anomalism across two zones totaling over 150km² coincident to the observed pegmatites.
- Two high priority catchment zones of 72km² and 81km² with anomalous LCT values have been identified on the Project.

SYAMA SHEAR ZONE PROJECT

- African Gold announced a joint venture for Resolute Mining Ltd to earn up to 80% of the Syama Shear Zone Project.

CORPORATE

- Completion of rights issue raising \$1.7 million.

African Gold Ltd (**African Gold** or the **Company**) (**ASX: A1G**) is pleased to report on the Company's activities for the quarter ended on 31 December 2022. Activities for the quarter focused on preparation for drilling on the Company's flagship Didievi Gold Project, Cote d'Ivoire, completion of a detailed field mapping and sampling campaign on the Agboville Project, Cote d'Ivoire, and the completion of a rights issue to shareholders.

Didievi Project, Cote d'Ivoire

During the quarter, the Company announced the completion of an independent review of previous drilling results that enabled the Company to release a maiden Exploration Target based on the Blaffo Gueto and Pranoi Prospects within the Didievi Project, Côte d'Ivoire.

Table 1: Exploration Target Minimum and Maximum Range of the Didievi Project (Blaffo Gueto and Pranoi Prospects)

Cut-off Grade Au (g/t)	Tonnage (Mt)	Grade Au (g/t)	Metal Au (oz)
0.5	16.0 - 34.8	1.5 - 1.7	778,000 – 1,889,000
1.0	6.8 - 15.0	2.7 - 3.0	596,000 – 1,450,000

Cautionary Statement

The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The reader is advised that an Exploration Target is based on existing drill results and geological observations from drilling as well as interpretation of multiple available datasets.

The exploration target is based on historical and African Gold drilling information. It uses data from 471 drill holes on the Blaffo Gueto and Pranoi Prospects. Information used in this release has been reported to the ASX by African Gold on 27 November 2020, 11 August 2021, 8 September 2021, 7 December 2021, 4 July 2022, 25 July 2022 and 11 August 2022.

A follow reverse circulation (RC) drilling campaign and additional exploration at the Blaffo Gueto Prospect on the Didievi Project to test the validity of the Exploration Target and to assess potential extensions of the **multiple mineralised target zones** is due to commence in the current quarter. The program is currently planned to complete a RC drilling program over the prospect areas and potential extensions, detailed topographic survey and additional mineral density testing.

The target areas for the follow up drilling program are shallow, with the exploration target envelope only extending to 200m depth.

Agboville Project, Cote d'Ivoire

Subsequent to the end of the quarter, the Company announced a discovery of large zones of outcropping pegmatite mineralisation on the Project area.

The discovery was made as part of detailed mapping and sampling campaign across the Project, focusing on the identified contact zones between the greenstone belt and granite contacts occurring on the Project. The Company had also received results from the 2022 stream sediment sampling campaign on the Project which confirmed coincident lithium, caesium, tantalum (**LCT**) anomalies on the Project.

The results from the stream sediment sampling has identified two high priority zones of over 150km². Rock chip samples from the recent mapping and sampling have been submitted for assay.



Figures 1,2 & 3: Various outcropping pegmatites on the Agboville Project

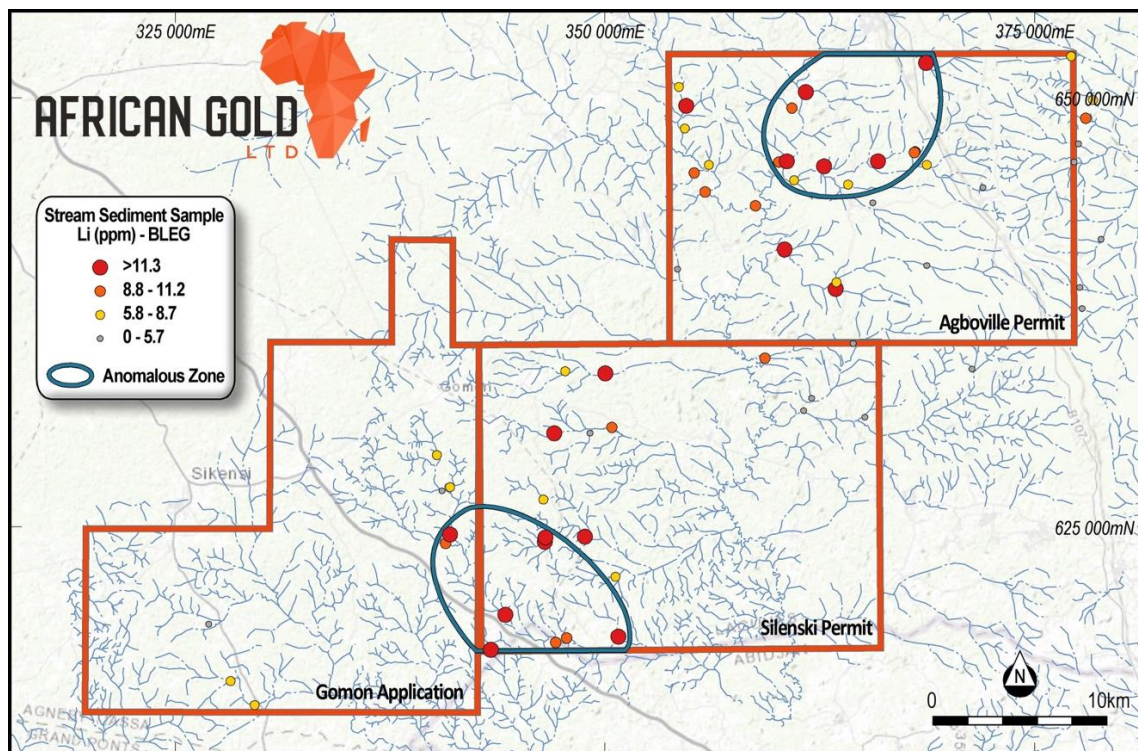


Figure 4: Stream sediment sampling Lithium results on the Agboville Project highlighting anomalous lithium zones

Syama Shear Zone Project, Mali

During the quarter, the Company entered into an earn-in agreement with Resolute Mining Ltd (ASX: RSG) (**Resolute**) on the Syama Shear Zone Project located in south western Mali. The Syama Shear Zone Project is contiguous to Resolute's Syama Mine.

Resolute can earn up to an 80% interest in the Project by the completion of an agreed minimum exploration program in two years and the subsequent completion of a feasibility study over an eight year period. Resolute own and operate the neighbouring Syama Gold Mine. Key terms of the agreement are:

- spending US\$500,000 on an agreed exploration program in 24 months following the execution of the agreement;
- commencing a Feasibility Study within 5 years and completing the study within 8 years of the execution of the agreement; and
- during the earn-in period, maintaining the permit in good standing.

Resolute will be transferred the 80% ownership of the Syama Project following a positive Decision to Mine, which must be made within 90 days following the completion of the Feasibility Study.

Following a positive Decision to Mine from Resolute, African Gold can elect to contribute to the project development to maintain its equity or dilute to a 1.5% Net Smelter Royalty.

Corporate

During the quarter, the Company undertook a 2 for 5 non-renounceable entitlement offer to eligible shareholders at an issue price of \$0.05 per share (**Entitlement Offer**).

The Entitlement Offer was strongly supported by eligible shareholders, who applied for 34,067,368 new fully paid ordinary shares, raising approximately \$1.7 million (before costs), pursuant to their entitlements. This represented a 74% take up rate of entitlements by eligible shareholders. The Entitlement Offer shortfall is 13,696,763 shares which the Board has elected at this stage not to place, although it advises it may do so before 23 February 2023.



Figure 5: African Gold Project Locations in Côte d'Ivoire and Mali

Appendix 5B Disclosures

In line with obligations under ASX Listing Rule 5.3.5, the Company notes that the payments to related parties of the Company, as advised in the Appendix 5B (Quarterly Cashflow Report) for the period ended 31 December 2022, pertain to director fees, salaries and wages (including superannuation), accounting / bookkeeping / administration costs, drafting services and serviced office rent paid during the quarter ended 31 December 2022.

During the quarter ended 31 December 2022, the Company spent a total of \$200,000 on project and exploration activities. The majority of the project and exploration expenditure relates to costs incurred from the exploration programs undertaken which included reconnaissance, mapping and sampling field programs in Cote d'Ivoire and Mali, and geological consulting fees associated with the exploration target for the Didievi Project. This expenditure represents direct costs associated with these activities as well as capitalised wages which can be directly attributable to the exploration activities.

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

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Competent Persons' Statements

The information contained in this announcement that relates to the Exploration Target is based on and fairly reflects, information compiled by Dr Marat Abzalov, who is a fellow of the Australasian Institute of Mining and Metallurgy. Dr Abzalov acted as a consultant to African Gold Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Abzalov consents to the inclusion in this announcement of the matters based on his information on the form and context in which it appears. Full details are set out in the Company's announcement of 18 October 2022 and there have been no material changes.

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, 7 December 2021, 4 July 2022, 25 July 2022, 23 August 2022 and 25 January 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

Appendix 1

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 2022. There were no changes to claims held during the quarter ended 31 December 2022. The Company notes that it signed an earn-in agreement with Resolute Mining Ltd regarding the Syama Shear Zone Project (*) during the quarter, however, there is no change to the Company's interest until the minimum expenditure commitment has been achieved.

TENEMENT NAME	LOCATION	INTEREST
Agboville	Côte d'Ivoire	100%
Sikensi	Côte d'Ivoire	100%
Azaguie	Côte d'Ivoire	Pending, 100%
Gomon	Côte d'Ivoire	Pending, 100%
Sitakili	Mali	100%
Walia	Mali	95%
Samanafoulou	Mali	100%
N'Golokasso*	Mali	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 option agreement
Konahiri North	Côte d'Ivoire	Up to 80% subject to option agreement
Konahiri South	Côte d'Ivoire	Pending; up to 80% subject to option agreement
Koyekro	Côte d'Ivoire	Up to 80% subject to option agreement

Appendix 5B

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

Name of entity

African Gold Limited

ABN

29 624 164 852

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(280)	(753)
(e) administration and corporate costs	(211)	(532)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(490)	(1,283)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	(272)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(200)	(2,258)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(200)	(2,530)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,703	1,703
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	100
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(16)	(17)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,687	1,786
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	446	3,471
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(490)	(1,283)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(200)	(2,530)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,687	1,786

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2	1
4.6	Cash and cash equivalents at end of period	1,445	1,445

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,445	446
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,445	446

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	184
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Amount shown at item 6.1 above comprise of payments to related parties (or their associates) for director fees and salaries and wages (including superannuation) paid during the quarter.

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(490)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(200)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(690)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,445
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,445
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.1
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

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

Date: **31 January 2023**

Authorised by: **By the Board**

Notes

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