

7 February 2023

ASX Release

AMANI SIGNS TERM SHEET FOR SALE OF GIRO GOLD PROJECT

HIGHLIGHTS

- **Binding Term Sheet executed for sale of the Company's shareholding in Amani Consulting, the DRC based entity that holds the Giro Project, to Mabanga Mining SARL.**
- **Total consideration of USD\$30M (Approx. AUD\$43.5M) cash (pre-tax) payable in of Four Tranches.**
- **Key Conditions Precedent to completion of the Transaction include:**
 - Amani Gold shareholder approval (pursuant to Listing Rule 11.2 and 10.1);
 - All necessary Australian and DRC regulatory approvals; and
 - If a superior offer is received prior to First Tranche Completion, the Company is able to terminate the Term Sheet and accept the superior offer.
- **The transaction is expected to be completed the second quarter of 2023.**

Amani Gold Limited (ASX: ANL) ("**Amani Gold**" or "**Company**") is pleased to announce that it has executed a binding term sheet ("**Term Sheet**") with Mabanga Mining SARL (the "**Purchaser**") for the sale of Amani Gold's shareholding in Amani Consulting SARL, the DRC based entity that holds the Giro Gold Project for the cash payment of USD\$30M (approximately AUD\$43.5M) (the "**Transaction**").

Pursuant to the Term Sheet, the Purchaser has agreed to acquire the Company's 850 shares ("**Sale Shares**") representing 85% of the total issued share capital in Amani Consulting, the entity that holds a 65% interest in Giro Goldfields SARL, a DRC registered company and holder of the two exploitation permits comprising the Giro Gold Project. Société Minière De Kilo Moto SA ("**SOKIMO**"), a company wholly owned by the DRC Government holds the remaining 35% interest.

As the Transaction constitutes a disposal of the Company's main undertaking, the Company will be seeking shareholder approval for the Transaction pursuant to ASX Listing Rule 11.2. The Company will prepare a notice of general meeting for this purpose, which will contain further details about the Transaction.

Background of the Purchaser

Mabanga Mining SARL is a DRC registered entity. The main shareholder of the Company is Mr Simon Cong, who is a former director of the Amani Gold, and current manager and 13.5% shareholder of Amani Consulting.

Given Mr Cong's shareholding in Amani Consulting and being a former director of the Company, the Company considers that Listing Rule 10.1.4 applies and will seek shareholder approval. Shareholders will be provided with an independent expert report to assess the fairness and reasonableness of the Transaction and released to the Company's shareholders shortly.

The Company and its representatives undertook the following activities to establish the Purchasers ability to complete the transaction:

- Direct enquiries with the Purchaser to obtain an understanding of their capacity to deliver under the proposed arrangement, and
- Understanding of Mr Simon Cong's familiarity with the Giro Project as manager of Amani Consulting and similar projects in the DRC of this nature and his capacity to raise fund to progress these types of projects based on past performance.



Amani Gold Plans Post-Transaction

If the Conditions Precedent (outlined below) are satisfied, and the Transaction proceeds to completion, the Company intends to continue as a listed company to identify new projects and growth opportunities, that will aim to generate value for shareholders and future investors. It is likely that any such acquisition will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules and further details of any such acquisition will be released to the Company's shareholders and market generally in accordance with the Company's continuous disclosure obligations under the ASX Listing Rules.

A disposal by a listed entity of its main undertaking can raise issues under ASX Listing Rule 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued quotation of its securities.

ASX have advised that ANL will be afforded a period of 6 months from the date of the announcement of the agreement to dispose of its interest in Amani Consulting SARL to demonstrate to the ASX that it is compliant with Listing Rule 12.1. The ASX also advises that if ANL does not demonstrate compliance with this Rule to ASX's satisfaction by the 6-month anniversary, ASX will suspend trading in ANL's securities.

The consequences of a disposal of the main undertaking are that any transaction ANL proposes to enter into may, if required by ASX, attract the application of Listing Rule 11.1.3 and as a result the Company may, if required by ASX, be required to re-comply with Chapters 1 and 2 of the Listing Rules.

Please refer to ASX Guidance Note 12: Significant Change to Activities which provides further information on significant changes to activities and how the Listing Rules apply to those changes.

Rationale for entering into the Transaction

- The USD\$30M (approximately AUD\$43.5M) transaction value represents a value increase of approximately 75% above Amani Gold's current market capitalization. This cash consideration provides the opportunity to pursue new assets.
- Geopolitical circumstances in the region could worsen in the future resulting in large-scale gold projects such as Giro becoming less attractive to potential acquirers or investors. General elections are scheduled to be held in the DRC in December 2023.
- Further development of the Giro Gold Project requires substantial funds that will most likely be raised through the issue of equity, diluting existing shareholders.

Summary of Term Sheet

The material terms of the Term Sheet are as follows:

1. The Purchaser shall pay the Company a total of USD\$30M pre-tax consisting of the following tranches:
 - **First Tranche** – US\$5,000,000 payable to the Company upon execution of the Term Sheet;
 - **Second Tranche** - US\$8,000,000 payable to the Company within one (1) year of the payment of the First Tranche;
 - **Third Tranche** - US\$8,000,000 payable to the Company within one (1) year of the payment of the Second Tranche; and
 - **Fourth Tranche** - US\$9,000,000 payable to the Company within one (1) year of the payment of the Third Tranche to the Seller.
2. First Tranche Completion (being the completion of the First Tranche payment to the Company) is conditional upon the following ("**Conditions Precedent**"):
 - the Company obtaining the required shareholder approvals (including shareholder approval pursuant to Listing Rule 11.2 and 10.1); and
 - all necessary regulatory and third-party approvals being obtained in the DRC.
3. If the Company receives a superior offer (i.e. an offer on more favourable terms for the Company as currently provided under the Term Sheet) prior to First Tranche Completion (see above), the Company is able to terminate the Term Sheet.



4. Following First Tranche completion, risk in the Sale Shares will pass to and vest in the Purchaser and the Purchaser will become the operator and manager of the Giro Gold Project, accepting all risk, liabilities and costs associated with operation of the Giro Gold Project.
5. The Sale Shares will remain in escrow until the final Fourth Tranche payment has been made to the Company, at which point the Sale Shares will be transferred to the Purchaser. The rationale for keeping the Sale Shares in escrow is such that if the Purchaser defaults on its obligations under the Term Sheet prior to completion of the final Fourth Tranche Payment, the Company is able to hold the Sale Shares in escrow as security and will maintain its ownership in the Sale Shares and the Giro Gold Project.
6. The Term Sheet is otherwise on terms and conditions considered standard for agreements of this nature.

Indicative Timetable

Event	Date ¹
Execution of Term Sheet	2 February 2023
Announcement of Transaction	7 February 2023
Payment of First Tranche	February 2023
Despatch of Notice of Meeting	March 2023
Extraordinary General Meeting	April 2023
Completion of Transaction²	April 2026

Notes:

1. The above dates are indicative only and subject to change.
2. As provided in above, beneficial ownership in the Sale Shares will pass to the Purchaser upon the Shareholder approval being obtained and the First Tranche being paid to the Company. Final completion of the Transaction will then not occur until the payment of the final Fourth Tranche payment, whereby the Sale Shares will be transferred by the Company to the Purchaser.

