



Financial Report

For the half year ended 30 June 2019



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CORPORATE DIRECTORY

Directors

Stephen Parsons Executive Director
Evan Cranston Non-Executive Chairman
Tolga Kumova Non-Executive Director

Company Secretary

Michael Naylor

Chief Executive Officer & Exploration Manager

Glen Edwards

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ASX Code: A1G

Australian Business Number

ABN 29 624 164 852

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DIRECTORS' REPORT

The Directors of African Gold Limited (“African Gold” or “the Company”) and its consolidated entities (collectively, the “group”) present their report together with the financial statements of the group for the half year ended 30 June 2019.

BOARD OF DIRECTORS

The Directors of the Company throughout the half year and to the date of this report are as follows:

Executive Director

Stephen Parsons

Non-Executive Chairman

Evan Cranston

Non-Executive Director

Tolga Kumova

PRINCIPAL ACTIVITIES

African Gold is an exploration company focused on exploration and evaluation of mineral resources in West Africa.

Significant changes in the state of affairs

There have been no changes in the state of affairs of the Company other than those outlined in the Review of Operations.

OPERATING RESULTS

The loss after income tax incurred by the group for the six months ended 30 June 2019 was \$511,950 (30 June 2018 1,068,103).

Cash and cash equivalents at 30 June 2019 totalled \$3,403,533 (31 December 2018 \$52,337).

No dividends were declared or paid during the six months ended 30 June 2019 (2018: nil).

REVIEW OF OPERATIONS

HIGHLIGHTS

- African Gold Limited successfully listed on the Australian Securities Exchange on the 14th February 2019. The Company listing was oversubscribed and raised A\$4.5 million (net of costs).
- The Company completed the share sale agreement with Golden Ivoire SARL and its vendors.
- In early July 2019, African Gold announced it has extended its presence in Africa by obtaining an option to acquire an interest in the Falémé Gold Project located in Western Mali.
- On the 5 September 2019, the Company announced it had entered into a conditional share purchase agreement to acquire gold permits located in the highly prospective and prolific gold district in western and southern Mali and the option to purchase a 95% interest in the Walia Gold Project in Mali.
- The Company completed its maiden reconnaissance 6,000 m Air-Core drilling program conducted at its Agboville Project in Cote d'Ivoire. Results are viewed as very encouraging and confirms the potential for large gold system.

EXPLORATION

The Company completed air core drilling programs and mapping soil sampling on its Agboville Project in Cote d'Ivoire and acquired highly prospective exploration acreage in the prolific gold producing Kenieba Inlier in western Mali known as the Falémé Gold Project (Figure 1).

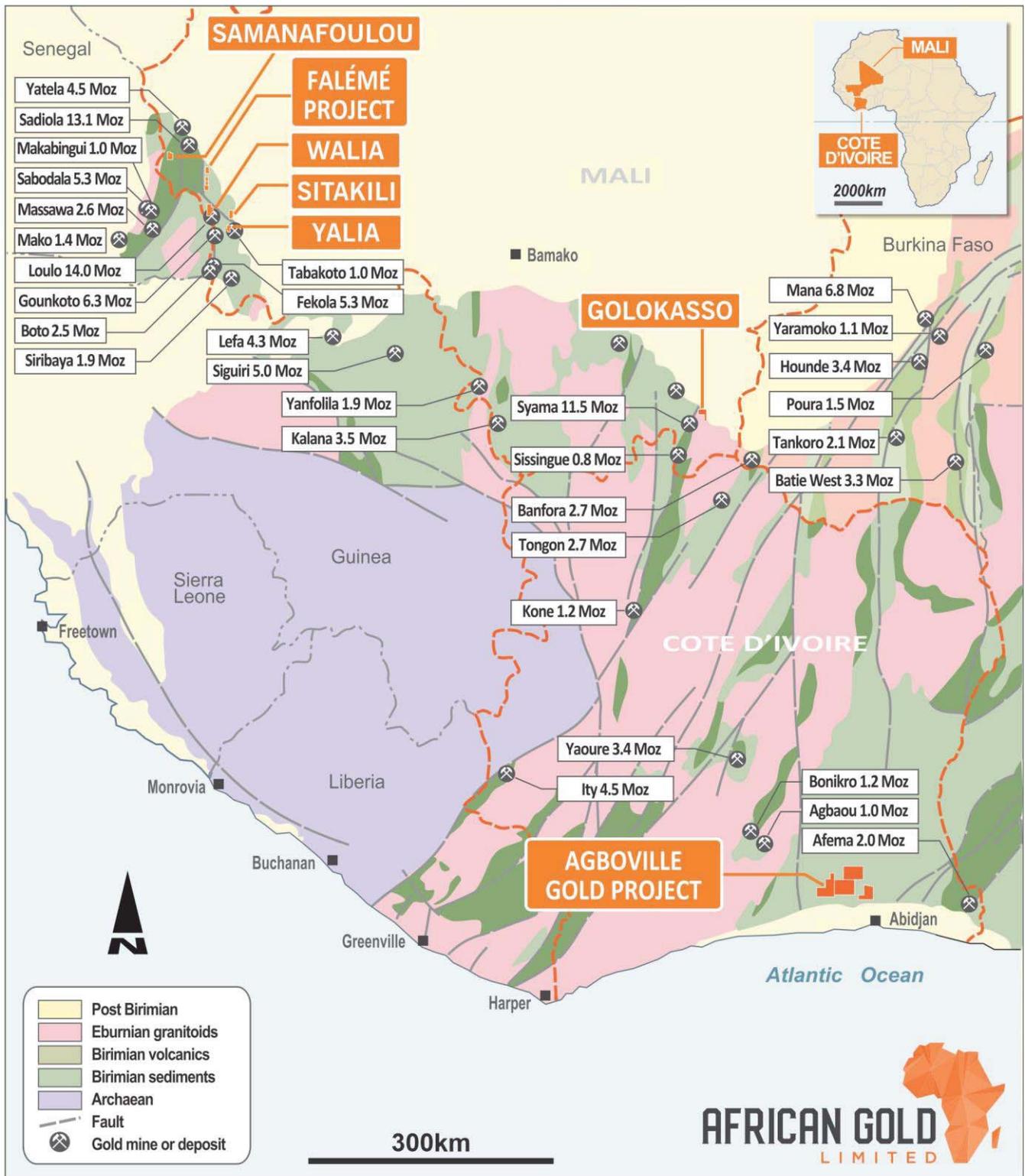


Figure 1: Location of Gold Permits on regional geology and showing major (>1Moz) gold deposits in West Africa.

AGBOVILLE PROJECT, CÔTE D'IVOIRE

The Company owns the rights over two granted exploration permits, the Agboville and the Sikensi Permits that secure a total area of 792 km², and two exploration permit application areas, Azaguie and Gomon, which cover 397 km² and 214 km² respectively. The Project area is located in southern Côte d'Ivoire and are considered to be highly prospective for gold. The project area is well located in terms of infrastructure and access, being less than 100 kilometres to the north east of the economic capital of Côte d'Ivoire, Abidjan.

Previous Exploration

Formerly owned by Goldenstar Ltd, who defined a robust gold-in-soil anomaly but due to other priorities never followed up with drill testing. The maximum gold assay returning from the soil samples was 4.11 g/t gold (4110 ppb)¹ within a ~ 20km coherent soil anomaly (Figure 2) (refer ASX announcement on 4 July 2019)¹.

The Company views the coincident nature of the mineralization with significant shearing and the nature of the regolith profile, which is highly conducive of surface geochemistry as a high priority drill target for follow up testing. Within the broad soil anomaly there are distinct higher-grade zones. Until African Golds April-May program no previous drill testing has been conducted in the project.

Reconnaissance Geochemical Sampling Program

A total of 408, 2kg soil samples were collected and submitted to SGS Tarkwa for BLEG analysis of gold. Soil and LAG samples have been analysed by Aqua Regia AAS and BLEG respectively (Figure 2). (refer ASX announcement on 18 March 2019)¹.

Objectives of the program were to:

- Infill 800m x 50m anomalies and define parallel mineralized structures to the main 20km gold in soil anomaly (Tyche Prospect).
- Confirm and evaluate historical single point soil and LAG anomalies in areas of single point original testing, focusing on the southern extensions and a conceptual structural-magnetic target around the Agboville granite body.
- Orientation survey to evaluate BLEG as compared to Fire Assay for soils within the main Tyche Prospect.

Results of the program are considered extremely encouraging:

- Soils up to 589 ppb gold in soil returned with many samples returning anomalous gold values.
- Infill sampling of historical 800m x 50m grid defined two new ENE striking anomalies to the east and west of the main Tyche Anomaly. The Eastern Anomaly is over 7km long and the South Western Anomaly is over 1km long, both are open along strike.
- Follow up in areas outside the main soil grid highlighted a number of anomalous gold in soil results indicating significant areas of the project not currently covered should be followed up.

Results suggest the main Tyche anomaly could extend at least further 10km to the south west. Geochemical thresholds have been derived by a comparison of spatial coherency, statistical analysis (standard deviations, histograms & probability plots) for both LAG and Soils (BLEG and aqua regia AAS analytical methods). Results from the reconnaissance soil program supports the fact that anomalous LAG samples collected by a Canadian TSX company can for the most part be repeated by soil sampling and BLEG, thus giving confidence in previous results.

The Company is highly encouraged by the tenor of the returned gold in soil values and the scale of the total anomalies so far covered over the Project which point to a high order drill target of regional significance.

Reconnaissance Air Core Drill Program

As announced on 15 August 2019, a 6,000 metre, 174 hole air core drilling program was completed. The program was designed to provide a first pass assessment of the robust ~20 kilometre northeast trending gold-in-soil anomaly, of up to 4.1 g/t gold known as the Tyche Prospect. Holes and significant intercepts are shown in Figures 3 and 4.

This wide spaced reconnaissance drilling program is considered successful and assay results are considered encouraging. The work has identified significant mineralisation in a number of holes that suggest a fertile structure capable of hosting economic mineralisation. Width and grades of intercepts are considered encouraging and suggest a large gold system.

Due to the large target size the Company intends to build on the geological understanding to prioritize exploration and geophysical techniques to vector in on the most prospective part of the system for follow up drill testing.

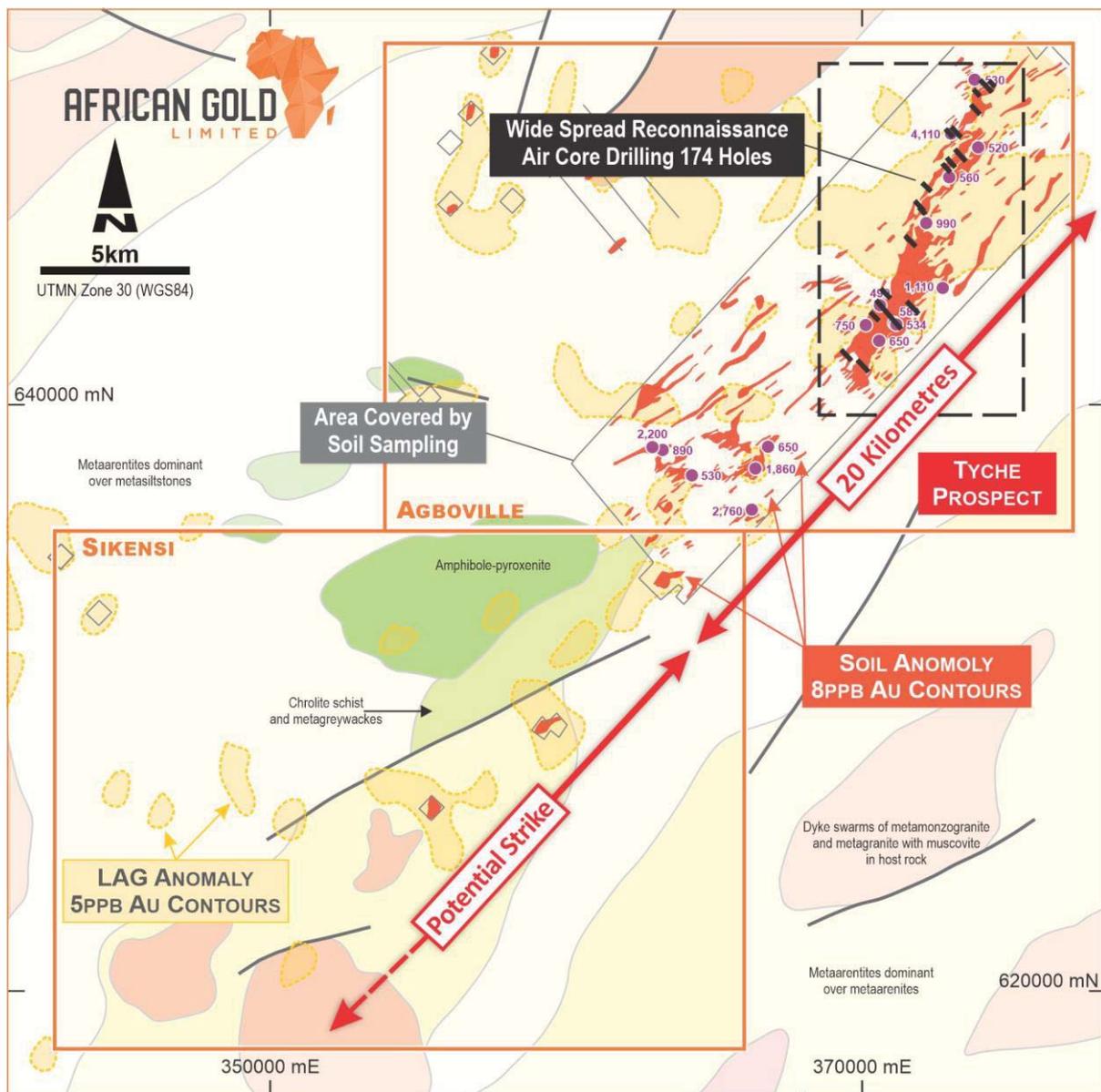


Figure 2: Agboville and Sikensi Permits. Gold-in-laterite and gold-in-soil anomalies on simplified regional geology showing location of recently completed air core drilling.

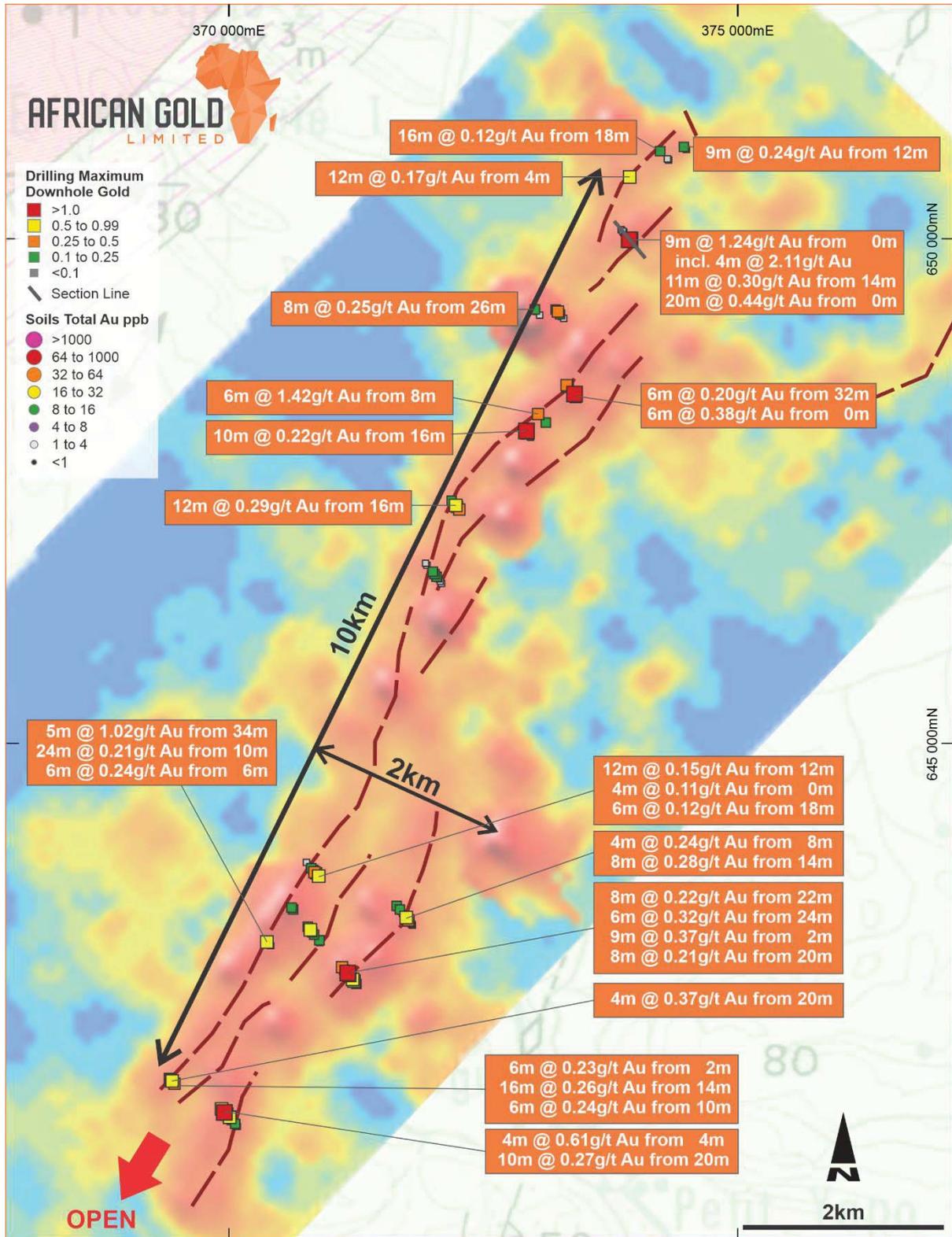


Figure 3: Agboville Gold Aircore drilling, significant intercepts and intervals together with imaged gold-in-soil anomaly and interpreted high grade trends. Drilled portion of the Tyche gold-in-soil anomaly northern 10km only.

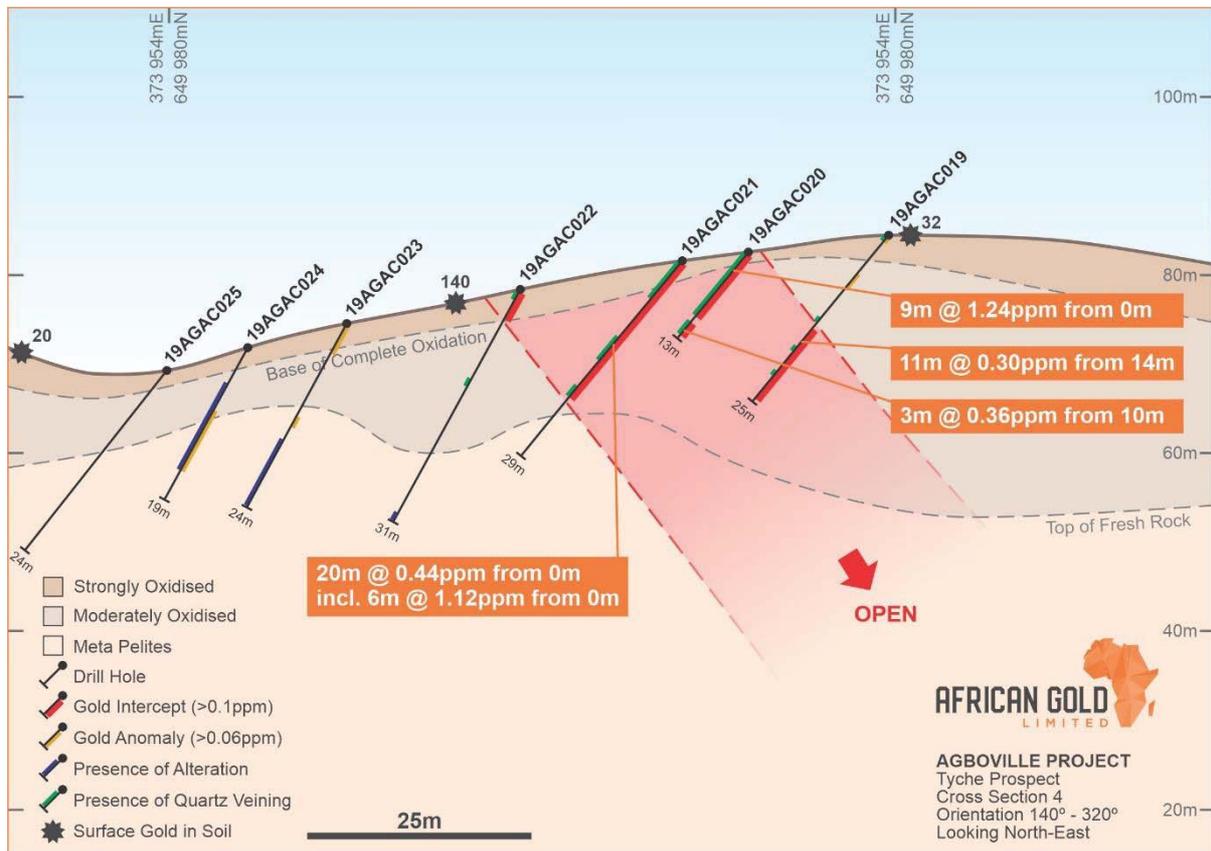


Figure 4: Tyche Gold Anomaly - Air Core Drilling Section 4. Simplified Geological Section showing assay results and presence of quartz veining and alteration (note alteration is difficult to identified in weathered zone).

Falémé Gold Project, Mali

As announced on 4 July 2019, the Company secured the Falémé Gold Project on the Senegal Mali Shear Zone which is located centrally between the Loulou-Goukoto mine (14 Moz gold Barrick)², 45 km to the south and the Sadiola mine (13 Moz gold IAMGOLD/AngoGold Ashanti)² and 40 km to the north in the prolific Kenieba Inlier in Western Mali. The projects are underexplored and highly prospective for gold mineralization and are proximate and complementary to African Gold’s Cote d’Ivoire assets (Figure 5).

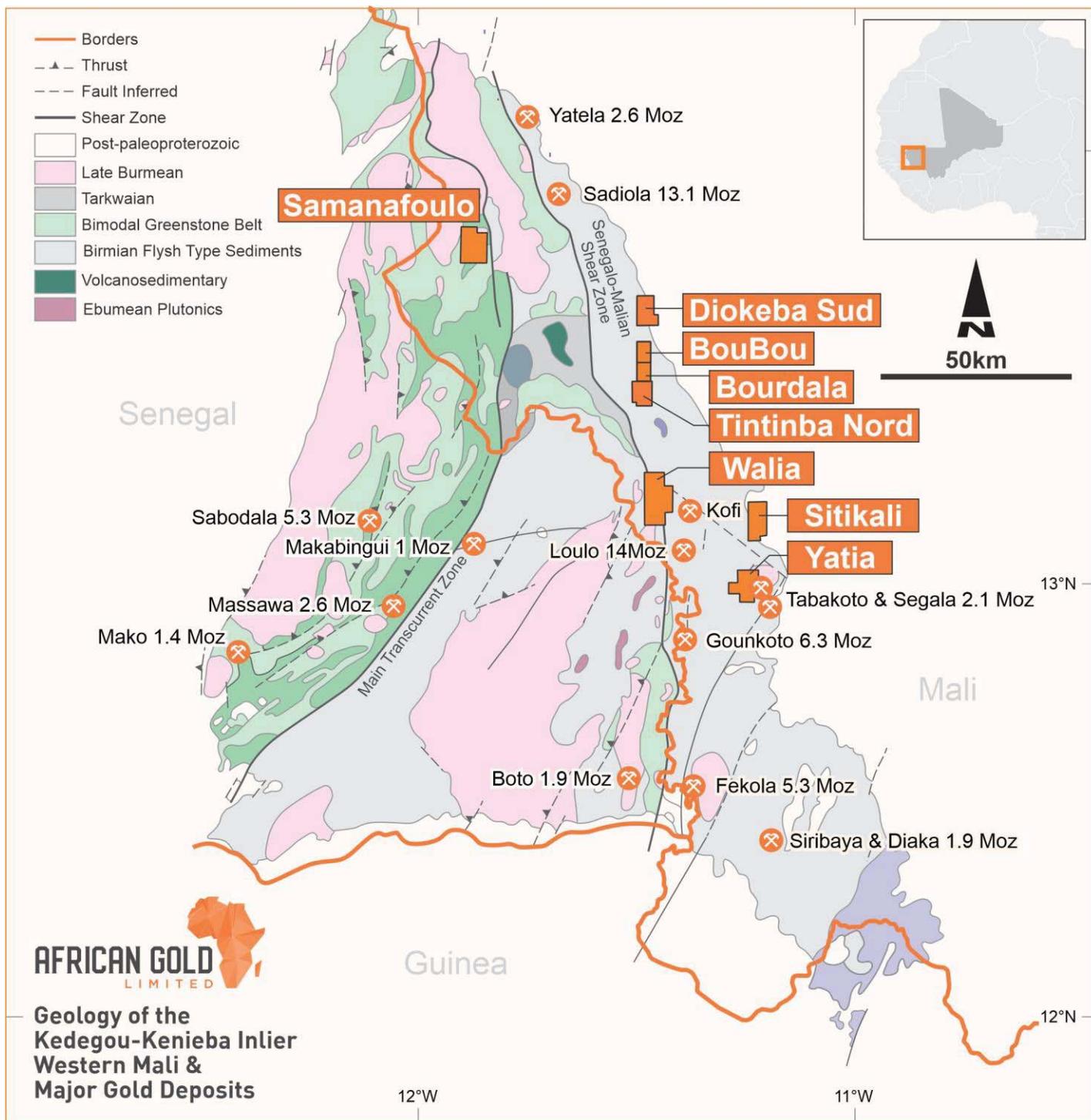


Figure 5: Location of West Mali permits within the Kenieba-Kedegou Window - A major gold producing region - Western Mali showing simplified geology, major deposits in the Inlier.

The Tintinba Nord, Bourdala, BouBou and Diokena Sud permits which comprise African Gold Ltd's new Falémé Gold Project are located in favorable structural positions. All the acquired permits have significant demonstrated gold anomalism either in the form of artisanal gold workings, gold-in-soil anomalies and or historical drill intercepts.

Fewer than 25 shallow drill holes have been completed on only 3 prospects (all targeting artisanal sites) within the Falémé Gold Project area. Many of these have returned significant intercepts, structure and alteration (Figure 6).

Selected historical reconnaissance RC and Diamond drill intercepts include (refer ASX announcement on 4 July 2019)¹:

Demba Massa Prospect: 24 m @ 2.01 g/t gold
5 m @ 8.6 g/t gold
3 m @ 1.8 g/t gold
2.1 m @ 5.63 g/t gold
3 m @ 2.83 g/t gold
2.3 m @ 3.40 g/t gold
1.6 m @ 5.00 g/t gold
2.9 m @ 2.37 g/t gold

TD Prospect: 5.5 m @ 2.9 g/t gold within a broader 23 m @ 1.0 g/t gold
9 m @ 1.04 g/t gold within a broader 26 m @ 0.58 g.t gold
64 m @ 0.23 g/t gold
7 m @ 4.2 g/t gold
4.3 m @ 4.3 g/t gold

Bourdala West Prospect: 2 m @ 4.09 g/t gold

Encouragingly for the discovery of a large gold system is the identification of broad zones of alteration, shearing encompassing multiple lithologies.

There are multiple high-priority walk up drill targets on the properties. Planned work programs will initially consist of geological and regolith mapping on all permits, soil geochemical programs (infill on Diokeba and BouBou Prospects); ready for follow up drill testing.

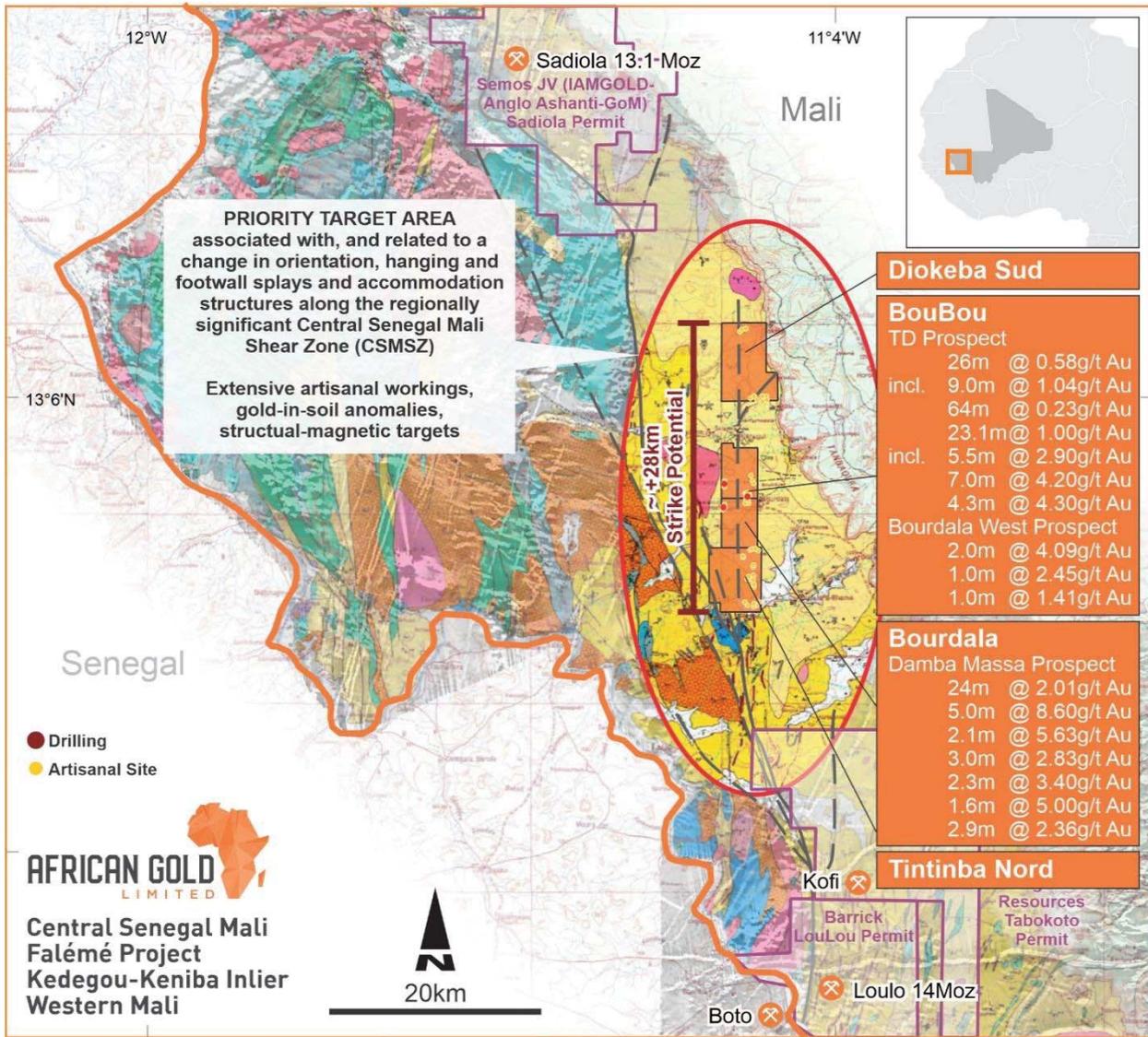


Figure 6 Faleme Project, location of permits on geology and magnetic image showing historical drill results.

NEW GOLD PERMITS - west and south Mali

As announced on 5 September 2019, the Company had entered into a conditional share purchase agreement with Abra Resources Pty Ltd (Abra) to acquire 100% of Abra which, through its wholly owned Malian subsidiary, owns the Samanafoulou, Sitikili, Yatia, Golokasso gold projects, and the option to purchase a 95% interest in the Walia gold project in Mali. The Acquisition remains subject to completion of due diligence by African Gold to its satisfaction, as well as shareholder approval.

This Acquisition adds to the recently secured Falémé Gold Project (ASX 4th July 2019) and grows the Company's presence to 436km² in the highly prospective and prolific world class gold producing Kenieba Inlier in Western Mali in addition to the currently held 1,400km² Agboville Gold Project in Cote d'Ivoire.

Four of the five permits are located in the highly prospective and prolific gold producing Kenieba Inlier in western Mali and the remaining permit is located along strike from the Syama Gold Mine in southern Mali. The west Mali permits are located within the prolific gold producing Kedougou-Kenieba.

The Walia Gold Project is located in the Kenieba region of west Mali, approximately 450 km by road from Bamako. The Project is accessible by a sealed highway to the regional town of Kenieba and then by well-formed gravel road to the north of Loulo Gold Mine (Randgold Resources) and onward to the permit.

The southern boundary of the Walia permit abuts the Loulo mining lease. The Loulo milling complex is situated approximately 10km to the south of the permit (14 Moz)².

Sitakili is located less than 25 km from the operating gold plants at Loulo 14 Moz (Barrick Gold)² and Tabakoto (Algom Resources)². The Tabakoto-Kofi ore haulage road passes approximately 5 km to the east of the Sitakili permit. The Project area hosts folded, generally NNE-trending metapelite and metagreywacke lithologies and is traversed by a series of NNE trending structures relating to the regional D2 and D3 deformation events and accompanying gold mineralisation.

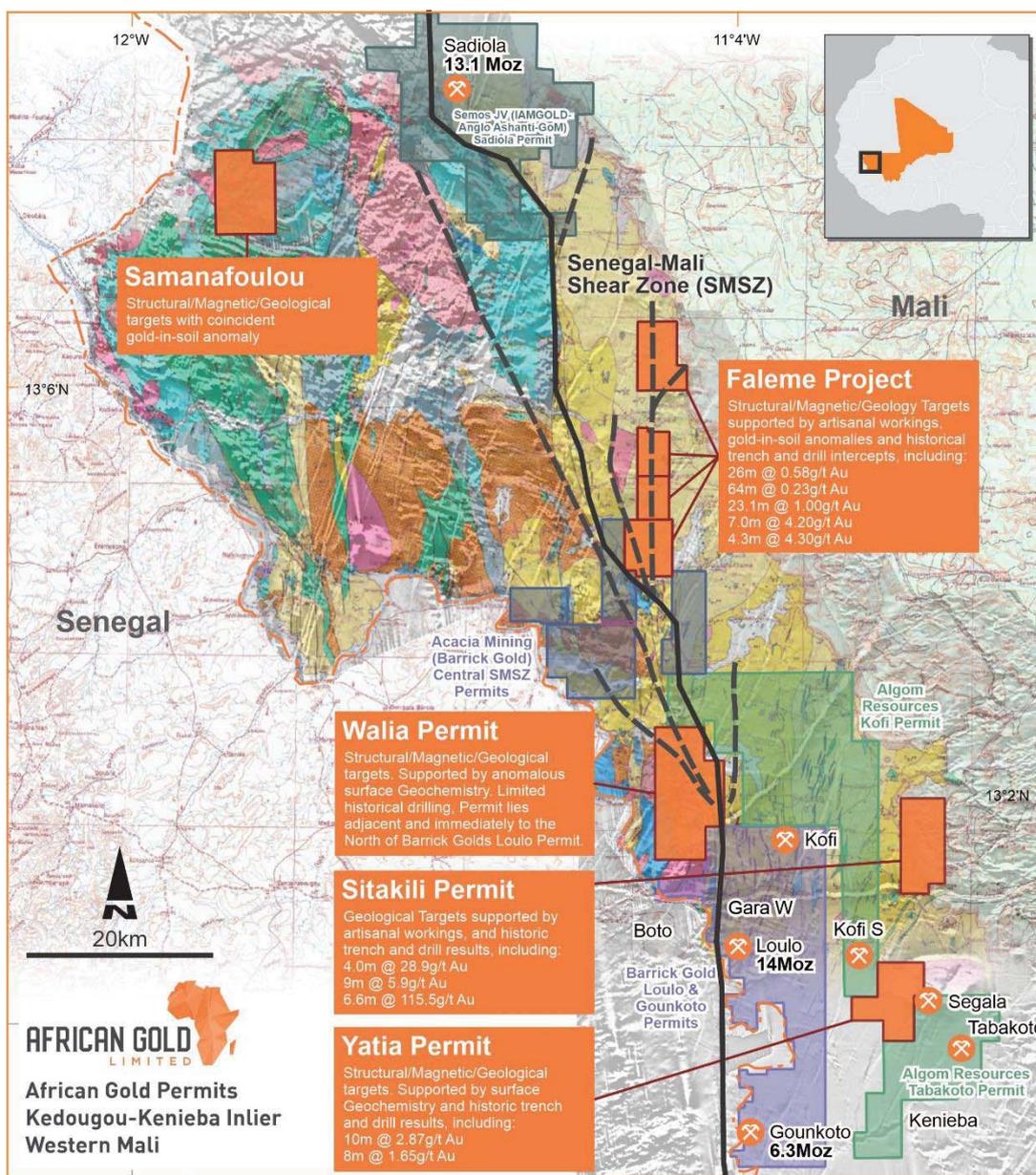


Figure 7: Location of permits on geology and magnetic image showing historical drill results.

CORPORATE

Admission to the Australian Securities Exchange

The Company was successfully admitted to the Official List with official quotation commencing on 14 February 2019 raising \$4,500,000 (before costs). After the listing the Company had 55,100,001 shares on issue.

Acquisition of Golden Ivoire SARL completed

The Company completed the purchase of 100% of the issued capital of Golden Ivoire SARL which owns the Agboville Project and other exploration permits in Cote d'Ivoire.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Acquisition of Projects

FALÉMÉ GOLD PROJECT, WESTERN MALI

As announced on 4 July 2019, the Company entered into option agreements to acquire gold permits collectively known as the Falémé Gold Project ("Falémé Gold"). The permits are located in Western Mali, where the group's 100% owned African Gold Mali SARL resides.

The Company paid US\$130,000 to obtain the option for Falémé Gold in July 2019.

In the next 12 months from July 2019, the Company can make the following expenditures to obtain interest in Falémé Gold:

- (a) Cash payment US\$110,000 to earn 51 % equity in permits BouBou, Bourdala and Diokeba Sud; and
- (b) Sole fund first year exploration to a value of US\$250,000 to earn 55% equity in permit Tintinba Nord.

If the Company makes the above expenditures, and within 24 months from July 2019, the group can make an additional cash payment of US\$170,000 to obtain a total 90% equity in Falémé Gold.

NEW GOLD PROJECTS, MALI

As announced on 5 September 2019, the Company entered into a conditional share purchase agreement to acquire four gold permits known as Golokasso, Sitakili, Samanafolou and Yatia and an option to purchase a 95% interest in the Walia Gold Project in Western Mali (the "Projects").

The Company paid A\$45,000 to obtain the option in September 2019.

Further progression of the purchase is subject to completion of due diligence by the Company and the following consideration:

- A\$125,000 cash payment;
- The issuance of 3,000,000 shares in African Gold at a deemed issue price of AUD16.5 cents subject to shareholder approval;

Also, as part of the purchase, contingent consideration becomes payable as follows:

- Subject to ASX and shareholder approval, the issuance of 12,500,000 deferred consideration shares in three tranches. Each tranche will vest if certain non-market based hurdles are met within a 3-5 year period to expiry; and
- An additional A\$1,000,000 cash payment if 2,000,000oz of gold is announced by African Gold Limited within a 5 to 7 year period. Where this occurs, the Company is not required to issue 5,000,000 of the deferred consideration shares noted above.

In addition to the above, for the Walia Gold Project, the Company can pay US\$80,000 cash to finalise progression of the transfer of the 95% ownership.

Auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this Directors' Report.

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



Evan Cranston
Non-Executive Chairman
Perth, WA - dated 13 September 2019

COMPETENT PERSONS STATEMENT

Information in this report that relates to commencement of drilling is based on and fairly represents information and supporting documentation prepared by Mr Glen Edwards. Mr Edwards is a full-time employee of African Gold Limited and is a member of the Australian Institute of Geoscientists (AIG) and Society of Economic Geologists (SEG). Mr Edwards has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activity which they are 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". Mr Edwards has provided his prior written consent as to the form and context in which the Exploration Results and the supporting information are presented in this report.

FORWARD LOOKING STATEMENT

Certain statements in this half year report constitute statements relating to intentions, future acts and events. Such statements are generally classified as "forward-looking statements" and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. The Company gives no assurances that the anticipated results, performance or achievements expressed or implied in these forward-looking statements will be achieved.

NOTES

1. Refer ASX announcement on the said date for full details of these exploration results. African Gold is not aware of any new information or data that materially affects the information included in the said announcement.
2. Refer ASX announcement on 5 September 2019 for cross references to websites and publication.

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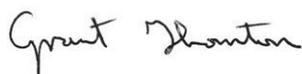
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Auditor's Independence Declaration

To the Directors of African Gold Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of African Gold Limited for the half-year ended 30 June 2019, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner – Audit & Assurance

Perth, 13 September 2019

Grant Thornton Audit Pty Ltd ACN 130 913 594
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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2019

	Note	30 June 2019 \$	1 February 2018 to 30 June 2018 \$
Accounting and audit		(59,963)	(18,125)
Consultants and contractors		(108,773)	(116,996)
Depreciation and amortisation		(532)	-
Employee benefits expense		(212,651)	(16,650)
Exploration expenditure		(26,641)	(66,288)
Impairment of loan to Golden Ivoire SARL		-	(96,394)
Listing and compliance		(1,462)	-
Net foreign exchange losses		(11,272)	-
Office rental & outgoings		(14,393)	-
Share based payments		(42,832)	(748,152)
Travel and accommodation		(24,102)	-
Other expenses		(36,871)	(5,498)
Loss before income tax and finance income		(539,492)	(1,068,103)
Finance income		27,542	-
Loss before income tax		(511,950)	(1,068,103)
Income tax expense		-	-
Loss for the period after tax		(511,950)	(1,068,103)
Other Comprehensive Loss for The Period			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve			
Foreign currency translation differences - foreign operations	5.2	(6,545)	-
Other comprehensive loss for the period, net of tax		(6,545)	-
Total comprehensive loss for the period		(518,495)	(1,068,103)
Loss per share attributable to equity holders of the Parent Company:			
Loss per share:			
Basic and Diluted loss per share (cents per share)		(1.09)	(19.76)

The above should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 \$	31 December 2018 \$
ASSETS			
Current			
Cash & cash equivalents		3,403,533	52,337
Trade and other receivables		98,747	56,529
Prepayments	8	-	4,570,428
Subscription receivable	6	-	3,923,500
Total current assets		3,502,280	8,602,794
Non-current			
Property, plant and equipment		3,169	-
Exploration and evaluation assets	4	2,124,004	-
Investment in Golden Ivoire SARL		-	30,000
Total non-current assets		2,127,173	30,000
Total assets		5,629,453	8,632,794
LIABILITIES			
Current			
Trade and other payables		267,393	297,011
Provisions		16,425	8,844
Total current liabilities		283,818	305,855
Total liabilities		283,818	305,855
Net assets		5,345,635	8,326,939
EQUITY			
Share capital	5.1	688,992	496,251
Other contributed equity	6	-	3,923,500
Reserves	5.2	6,537,168	5,275,763
Accumulated losses		(1,880,525)	(1,368,575)
Total equity		5,345,635	8,326,939

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2019

	Note	Share capital	Other contributed equity	Reserves	Accumulated losses	Total equity
		\$	\$	\$	\$	\$
Balance at 1 February 2018		-	-	-	-	-
Loss for the period		-	-	-	(1,068,103)	(1,068,103)
Other comprehensive loss		-	-	-	-	-
Total comprehensive loss for the period		-	-	-	(1,068,103)	(1,068,103)
Issue of share capital		313,750	-	-	-	313,750
Options issued to Directors	5.2	-	-	4,513,413	-	4,513,413
Share-based payments expensed	5.2	-	-	748,152	-	748,152
Balance at 30 June 2018		313,750	-	5,261,565	(1,068,103)	4,507,212
Balance at 1 January 2019		496,251	3,923,500	5,275,763	(1,368,575)	8,326,939
Loss for the period		-	-	-	(511,950)	(511,950)
Other comprehensive loss		-	-	(6,545)	-	(6,545)
Total comprehensive loss for the period		-	-	(6,545)	(511,950)	(518,495)
Issue of share capital	5.1	4,500,000	(3,923,500)	-	-	576,500
Share issue costs	5.1	(5,987,259)	-	-	-	(5,987,259)
Issue of share capital for the acquisition of evaluation and exploration asset	5.1	1,680,000	-	-	-	1,680,000
Share-based payments expensed	5.2	-	-	1,267,950	-	1,267,950
Balance at 30 June 2019		688,992	-	6,537,168	(1,880,525)	5,345,635

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2019

	Notes	30 June 2019 \$	1 February 2018 to 30 June 2018 \$
OPERATING ACTIVITIES			
Payment to suppliers and employees		(450,199)	(37,590)
Payment for exploration and evaluation		(21,064)	(16,287)
Net cash used in operating activities		(471,263)	(53,877)
INVESTING ACTIVITIES			
Interest received		27,542	-
Payments for exploration and evaluation assets		(484,075)	-
Payments for property, plant and equipment		(3,701)	-
Investment in Golden Ivoire SARL		-	(30,000)
Other (Deposit)		(30,000)	-
Net cash used in investing activities		(490,234)	(30,000)
FINANCING ACTIVITIES			
Proceeds from share and option issuances		4,500,975	316,750
Share issue transaction costs		(241,965)	-
Loans to Golden Ivoire SARL		-	(65,461)
Net cash inflow from financing activities		4,259,010	251,289
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period		112,285	-
Effect of foreign exchange rate changes		(6,265)	-
Cash and cash equivalents at the end of the period		3,403,533	167,912

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2019

1 Corporate information

African Gold Limited ('the Company' or 'African Gold') is a for-profit for the purpose of preparing the financial statements. The Company is incorporated and domiciled in Australia and listed on the Australian Securities Exchange on 14 February 2019. The condensed consolidated financial statements of the Company for the half-year ended 30 June 2019 ("Half-Year") comprise the Company and the entities it controlled ("group")

On the 29 March 2018, the Company signed a share purchase agreement to purchase all ordinary shares of Golden Ivoire SARL, an entity domiciled in Cote D'Ivoire with local exploration and evaluation tenements. The transactions settled on 14 February 2019 at which time the Company obtained 100% control over the subsidiary and consolidated its accounts.

The purchase is accounted as an asset acquisition with consideration to AASB 3 Business Combinations given the substance of Golden Ivoire SARL, which is not considered a business under the principles of the standard.

The nature of the operations and principal activities of the Group is to conduct exploration and evaluation activities in Cote D'Ivoire and Mali.

The address of its registered office and its principal place of business Suite 3, Level 3, 24 Outram Street, West Perth WA 6005.

The condensed financial statements for the period six months ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 13 September 2019.

2 Basis of presentation and statement of compliance

The interim financial statements for the Half-Year have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2018 and any public announcements made by the Company during the Half-Year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements.

3 New and amended accounting standards

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of AASB 16 Leases as detailed below.

IFRS 16 Leases replaces IAS 17 Leases along with three interpretations (IFRIC 4 Determining whether and Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new Standard has been applied using the modified retrospective approach.

The adoption of this standard has had no material impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4 Exploration and evaluation asset

	Note	30 June 2019 \$	31 December 2018 \$
Carrying amount at the beginning of the period		-	-
Acquisition costs in purchase of Golden Ivoire SARL	5.4	1,804,390	-
Capitalised expenditure at cost		319,614	-
Carrying amount at the end of the period		2,124,004	-

5 EQUITY

5.1 SHARE CAPITAL

	Number of Shares	\$
1 February 2018 - Incorporation	1	1
Shares placements	24,200,000	496,250
At 31 December 2018	24,200,001	496,251
Initial public offering at an issue price of \$0.20 per share	22,500,000	4,500,000
Issue of share capital for the acquisition of evaluation and exploration assets at a deemed issue price of \$0.20 per share ⁽¹⁾	8,400,000	1,680,000
Share issue transaction costs ^{(2), (3), (4)}	-	(5,987,259)
At 30 June 2019	55,100,001	688,992

- (1) 150,000 ordinary shares to the value of \$30,000 are restricted for 24 months from date of quotation, plus 8,250,000 Consideration Shares to the Vendors at a deemed issue price of \$0.20 per share amounting to \$1,650,000. Refer to note 5.4 for further details.
- (2) The Group has treated the value of the options issued to Directors \$4,509,913 as consideration for capital raising activities. A reconciliation of the total option issuance is as follows: \$5,261,565 total issuance less amounts issued to management and employees of \$751,652 which was not directly linked to capital raising activities of the Company and therefore expensed.
- (3) The Group has treated the value of the options issued to Advisors of \$1,224,143 in consideration for capital raising services provided during the Initial Public Offering as share issue transaction costs.
- (4) The total includes the above consideration in points 2 and 3 plus \$253,203 for costs associated with the Initial public offer which included brokerage fees, legal, accounting and administrative fees as well as printing, advertising and other expenses.

The share capital of the Group 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.

5.2 RESERVES

The following table shows the movements in reserves during the year. The following table shows the movements in reserves during the period.

	Share based payments reserve \$	Foreign currency translation reserve \$	Total reserves \$
Balance at 1 February 2018 - date of incorporation	-	-	-
Transactions with owners in their capacity as owners:	-	-	-
Share-based payment transactions	5,261,565	-	5,261,565
Balance at 30 June 2018	5,261,565	-	5,261,565
Balance at 1 January 2019	5,275,763	-	5,275,763
Foreign currency translation differences	-	(6,545)	(6,545)
Total comprehensive loss	-	(6,545)	(6,545)
Transactions with owners in their capacity as owners:			
Share-based payment transactions	1,267,950	-	1,267,950
Balance at 30 June 2019	6,543,713	(6,545)	6,537,168

5.3 SHARE BASED PAYMENTS

During the Half-Year:

- 9,750,000 unlisted options were issued;
- 1,800,000 Shares issued on acquisition of subsidiary Golden Ivoire SARL refer to note 5.4

Set out below is a summary of unlisted options and performance rights outstanding at 30 June 2019:

	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		2,000,000	01/11/18	2-4 years	N/A	0.10 ⁽²⁾	200,000

(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). 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).

Share Options Issued during the period

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 six months ended 30 June 2019, alongside the key inputs utilised in the pricing model, including the Company's risk-free borrowing rate and volatility of the Company's shares.

9,750,000 unlisted options were issued to Advisors in consideration for capital raising services in connection with the Initial Public Offering:

Granted during the year	Grant date and Vesting date	Expiry date	Fair value of option at Grant date (\$)	Exercise price (Cents)	Risk free rate	Expected volatility	Value of options granted during the year (\$)
9,750,000	20/03/2018	07/02/22	0.12565	0.20	2.10%	100%	1,225,118
Less: option cash consideration received							(975)
Total:							1,224,143

The full amount of \$1,224,143 was recorded as share issue transaction costs, this treatment was selected based on the nature of the services provided by the advisors as mentioned above.

5.4 ACQUISITION OF GOLDEN IVOIRE SARL

The Company completed its share sale agreement with Golden Ivoire SARL and its vendors on the 14 February 2019. It is as this date that the Company obtained control over the subsidiary and consolidated its accounts. The purchase is accounted for as an asset acquisition with consideration to AASB 3 Business Combinations given the substance of Golden Ivoire SARL, which is not considered a business under the principles of the standard.

The consideration paid by the Company for Golden Ivoire SARL is as follows:

- Option fee \$30,000;
- issued a total of 8,250,000 Consideration Shares to the Vendors at a deemed issue price of \$0.20 per Share amounting to \$1,650,000; and
- previous payments of \$30,000 cash consideration to the vendors under the agreement has been repaid to the Company and instead scarified by the issue of 150,000 ordinary shares to the value of \$30,000 (restricted for 24 months from date of quotation).

The above consideration combines with the accumulated losses assumed by the Company in the purchase of Golden Ivoire SARL of \$94,390 to arrive at a total exploration and evaluation asset of \$1,804,390 recorded on the date of completion, 14 February 2019.

6 SUBSCRIPTIONS RECEIVABLE AND OTHER CONTRIBUTED EQUITY

As at 31 December 2018, the Company had an unconditional right to cash balances raised as part of their Initial Public Offering. These amounts were held in trust by the Share Register pending the official listing and quotation which occurred on 14 February 2019 when the shares were issued. The resulting treatment was to transfer the balance recorded in equity as Other Contributed Equity to Share Capital accordingly and realise the Receivable.

7 Segment information

The Group reports two segment at the end of the Half-Year:

- 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 \$
Six months ended 30 June 2019			
Segment results - Loss after income tax	-	(26,335)	(26,335)
Unallocated losses after income tax			(485,615)
Loss after income tax			(511,950)
30 June 2019			
<i>Segment assets</i>	17,350	2,205,729	2,223,079
Unallocated assets			3,406,374
Total assets			5,629,453
<i>Segment liabilities</i>	-	-	-
Unallocated liabilities			(283,818)
Total liabilities			(283,818)

No comparative has been included as the Company had no operating segments in previous periods.

8 Prepayments

During the period, the Company's prepaid expenses, which pertained to costs of issuing share capital included options issued to the Directors and advisors via non-cash share based payment of \$4,509,913 which related to their activities directly linked to the capital raising were unwound in the period upon the issuance of the Company's IPO shares.

9 Post-reporting date events

Acquisition of Projects

FALEME GOLD PROJECT - WESTERN MALI

As announced on 4 July 2019, the Company entered into option agreements to acquire gold permits collectively known as the Falémé Gold Project ("Falémé Gold"). The permits are located in Western Mali, where the group's 100% owned African Gold Mali Sarl resides.

The Company paid US\$130,000 to obtain the option for Falémé Gold in July 2019.

In the next 12 months from July 2019, the Company can make the following expenditures to obtain interest in Falémé Gold:

- (c) Cash payment US\$110,000 to earn 51 % equity in permits BouBou, Bourdala and Diokeba Sud; and
- (d) Sole fund first year exploration to a value of US\$250,000 to earn 55% equity in permit Tintinba Nord.

If the Company makes the above expenditures, and within 24 months from July 2019, the group can make an additional cash payment of US\$170,000 to obtain a total 90% equity in Falémé Gold.

NEW GOLD PROJECTS, MALI

As announced on 5 September 2019, the Company entered into a conditional share purchase agreement to acquire four gold permits known as Golokasso, Sitakili, Samanafolou and Yatia and an option to purchase a 95% interest in the Walia Gold Project in Western Mali (the “Projects”).

The Company paid A\$45,000 to obtain the option in September 2019.

Further progression of the purchase is subject to completion of due diligence by the Company and the following consideration:

- A\$125,000 cash payment;
- The issuance of 3,000,000 shares in African Gold at a deemed issue price of AUD16.5 cents subject to shareholder approval;

Also, as part of the purchase, contingent consideration becomes payable as follows:

- Subject to ASX and shareholder approval, the issuance of 12,500,000 deferred consideration shares in three tranches. Each tranche will vest if certain non-market based hurdles are met within a 3-5 year period to expiry; and
- An additional A\$1,000,000 cash payment if 2,000,000oz of gold is announced by African Gold Limited within a 5 to 7 year period. Where this occurs, the Company is not required to issue 5,000,000 of the deferred consideration shares noted above.

In addition to the above, for the Walia Gold Project, the Company can pay US\$80,000 cash to finalise progression of the transfer of the 95% ownership.

Other than the above there have not been any events that have arisen between 30 June 2019 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.

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. In the opinion of the Directors of African Gold Limited:
 - a The half year financial statements and notes of African Gold Limited are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
 - ii Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:



Evan Cranston
Non-Executive Chairman
Dated 13 September 2019

Independent Auditor's Review Report

To the Members of African Gold Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of African Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 30 June 2019, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of African Gold Limited does not give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of African Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner – Audit & Assurance

Perth, 13th September 2019



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