

Amani Gold Limited

and its controlled entities

(ABN 14 113 517 203)

**Half Year Report
31 December 2019**

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity, comprising Amani Gold Limited (the "Company") and its controlled entities (collectively "Amani" or the "Group") for the half year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Klaus Eckhof	Chairman
Sik Lap Chan	Managing Director and CEO
Grant Thomas	Technical Director
Qiuming Yu	Executive Director
Tsang King Sun	Executive Director (appointed 24 January 2020)
Antony Truelove	Non Executive Director

Results

The consolidated loss for the half year after tax was \$2,316,130 (2018: \$612,499).

Review of Operations

Giro Gold Project, Democratic Republic of Congo (55.25%)

The Giro Gold Project comprises two exploration permits covering a surface area of 497km² and lies within the Kilo-Moto Belt (Democratic Republic of Congo), a significant under-explored greenstone belt which hosts Randgold Resources' 17 million-ounce Kibali group of deposits within 35km of Giro (Figure 1).

The Giro Gold Project area is underlain by highly prospective volcano-sedimentary lithologies in a similar structural and lithological setting as the Kibali gold deposits. Both primary and alluvial gold was mined from two main areas, the Giro and Tora areas, during Belgian rule and today these areas are mined extensively by artisanal miners.

Amani has outlined a gold resource at Kebigada within the Giro Gold Project of 45.62Mt @ 1.46g/t Au for 2.14Moz gold at a cut-off grade of 0.9g/t Au (refer ASX Announcement 23 August 2017). Amani has also defined a gold resource at Douze Match within the Giro Gold Project of 8.1Mt @ 1.2g/t Au, for 320Koz gold (0.5g/t Au cut-off grade) (refer ASX announcement 10 December 2018).

The Giro Gold Project global resource now exceeds 3Moz gold; with the combined Indicated and Inferred Mineral Resource estimates for the Kebigada and Douze Match deposits of 81.77Mt @ 1.2g/t Au, for 3.14Moz Au (refer ASX announcement 10 December 2018). The combined resource is based on a 0.6g/t Au cut-off grade.

During the period Amani continued to advance the Giro Gold Project with the completion of diamond core drilling operations at Kebigada gold deposit and Reverse Circulation drilling operations at Peteku prospect.

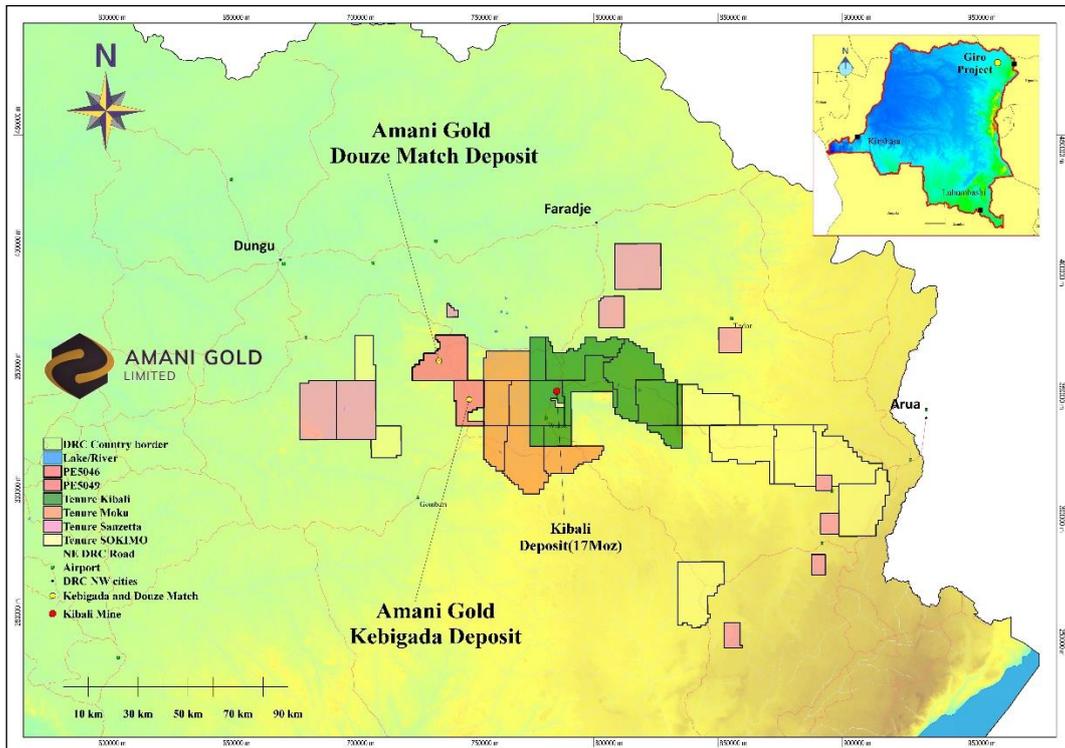


Figure 1. Map of Haute Uele Province of the Democratic Republic of Congo, showing the location of the Kebigada and Douze Match gold deposits, Giro Gold Project

Kebigada Gold Deposit

On 14 October 2019, Amani announced the completion of Phase One diamond core drilling operations (drillholes GRDD034 and GRDD035) at Kebigada Gold Deposit, Giro Gold Project (Figures 2 and 3). Drilling targeted deeper high-grade sulphide associated gold mineralisation within the central core of Kebigada deposit.

Drillholes GRDD034 and GRDD035 both successfully targeted deeper high-grade sulphide associated gold mineralisation within the central core of Kebigada deposit and these assays are the deepest yet at Kebigada.

High grade gold assay results for the Phase One diamond core drillhole GRDD034 at Kebigada gold deposit, included:

- 58m @ 1.61g/t Au from 204m (including 11m @ 2.75g/t Au from 208m and 10m @ 3.26g/t Au from 228m and 4m @ 1.82g/t Au from 254m)
- 23.65m @ 1.183g/t Au from 299m (including 1m @ 10.5g/t Au from 303m and 1m @ 3.72g/t Au from 308m)
- 21m @ 0.76g/t Au from 335m (including 4m @ 1.48g/t Au from 335m and 1m @ 2.02g/t Au from 355m)

High grade gold assay results for the Phase One diamond core drillhole GRDD035 at Kebigada included:

- 10.5m @ 1.08g/t Au from 0m
- 4.5m @ 4.63g/t Au from 31.5m (incl. 0.55m @ 27.3g/t Au from 32.45m)
- 38.5m @ 2.22g/t Au from 278m (incl. 3m @ 16.93g/t Au from 313m)
- 3m @ 1.96g/t Au from 477m
- 9m @ 1.89g/t Au from 484m (incl. 1m @ 12.9g/t Au from 487m)

Phase One holes GRDD034 and GRDD035 are 240m apart and have both outlined high-grade gold mineralisation deeper than previously intersected at the Kebigada deposit. These gold assay results indicate the potential for the Kebigada deposit to substantially grow via targeted deeper and along strike drilling.

To this aim additional drilling has been planned, which will comprise a further 4 core holes, each 500m in length (Figure 2).



Figure 2. Map of central Kebigada gold deposit, showing the location of planned diamond core drillhole locations (Priority One holes in RED)

Peteku Prospect

On 5 November 2019, Amani announced the completion of initial Reverse Circulation drilling operations at Peteku prospect, Giro Gold Project (drillholes PTRC001 – PTRC004, Figure 3). Drilling targeted near surface gold mineralisation below a regional gold in soil anomaly.

Holes PTRC001 - PTRC004 were completed at depths of 77m to 120m with RC rock chip samples at SGS Mwanza laboratory (Tanzania) for gold analysis. Assay results are pending. Total initial drilling completed for 397m.

Drillhole PTRC001 was collared in granite and drilled with an inclination of 60° and an azimuth of 180° and targeted near surface gold mineralisation. PTRC001 intersected intervals of silica altered granite with pyrite mineralization from 43m to 71m (28m interval containing 1% pyrite) and from 91m to 98m (7m interval

containing 1% pyrite) and an interval of quartz vein with pyrite mineralisation from 98m to 103m (5m interval containing 1% pyrite).

Drillhole PTRC002 was collared in granite and drilled with an inclination of 60° and an azimuth of 180° and targeted near surface gold mineralisation. PTRC002 intersected intervals of silica altered granite with pyrite mineralization from 54m to 58m (4m interval containing <1% pyrite) and from 62m to 66m (4m interval containing 1% pyrite) and intervals of quartz veins with pyrite mineralisation from 8m to 10m (2m interval containing <1% pyrite) and from 83m to 84m (1m interval containing <1% pyrite).

Drillhole PTRC003 was collared in granite and drilled with an inclination of 60° and an azimuth of 180° and targeted near surface gold mineralisation. PTRC003 did not intersect intervals of altered granite or quartz veins.

Drillhole PTRC004 was collared in granite and drilled with an inclination of 60° and an azimuth of 180° and targeted near surface gold mineralisation. PTRC004 intersected intervals of carbonate-silica-chlorite altered mafic volcanic with pyrite mineralization from 47m to 49m (2m interval containing <1% pyrite), from 53m to 57m (4m interval containing <1% pyrite), from 60m to 70m (10m interval containing 1-2% pyrite), from 82m to 87m (5m interval containing <1% pyrite) and 96m to 99m (3m interval containing <1% pyrite) and intervals of quartz veins with pyrite mineralisation from 99m to 103 (4m interval containing 1% pyrite) m.

The styles of alteration and sulphide mineralisation of mafic volcanic and quartz veins present in three of the drillholes are typically good indicators of gold mineralisation at Giro. If significant gold mineralisation has been intersected in the initial four holes, further drilling may comprise an additional 25 RC core holes, each nominally 150m in length (total 3,750m).

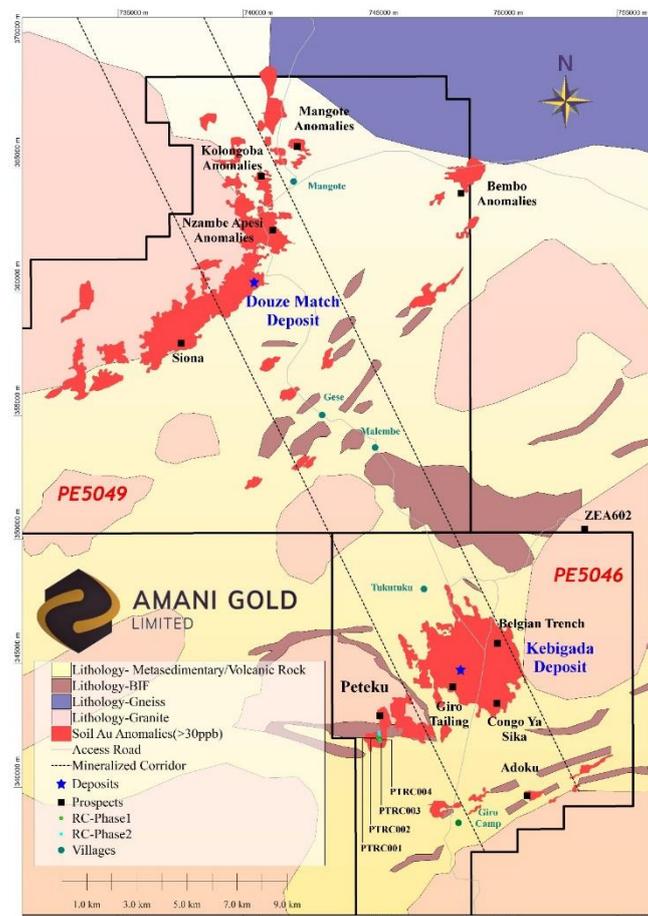


Figure 3. Map of Giro Gold Project, showing surface geology, Kebigada and Douze Match gold deposits, selected prospects, Au in soil anomalies and Peteku RC drillholes PTRC001-PTRC004

Amago Trading Limited (60%)

Gold Dealers License in Tanzania

On 28 November 2019, Amani announced the securing of Gold Dealer Licences in Tanzania via a 60% equity interest in Amago Trading Limited (“Amago”). The Gold Dealer Licence No. DL013/GTA/2019-2020 was granted to Amago by Ministry of Minerals Mining Commission, The United Republic of Tanzania.

Amago is a Joint Venture between Amani (via its wholly owned subsidiary) and a consortium of local mining industry professionals headed by Mr Bamwesiga Mwijage (40% Consortium). Amago opened an office in the Hub as a requirement of being granted a Dealer Licence. The in-country members of the Amago joint venture were instrumental in gaining the Gold Trading Licence and will be responsible for sourcing gold in the Geita region. Gold secured by Amago in Geita will be shipped to Hong Kong for refining and sales.

The Gold Dealer Licence permits Amago to buy, sell or deal in gold which is expected to produce a revenue stream for Amani.

Tanzania has launched its first ever international minerals trading hub in the gold rich Geita District in the North-western part of the country and will accommodate buyers, miners, government offices, banks and dealers at a one-stop centre. Tanzania is the 4th largest producer of gold in Africa and the Geita District produces 40% of all gold produced in Tanzania. Artisanal and local miners produce approximately 20 tonnes of gold per annum in Tanzania and up to 90% of this is on-sold illegally; the mineral trading hubs will allow miners to access formal and government regulated markets. This move follows similar establishments made by governments in Botswana and South Africa.

The Geita District minerals trading hub is expected to attract both local and foreign gold dealers and is designed to be a model for other regional precious metals trading hubs in an effort by the government to crack down on illegal gold and precious metals trading.

The hub’s development at Geita is in line with President John Magufuli’s latest directive to ensure that Tanzania takes a lead in the international gold business. The international gold bullion market is expected to boost the earnings of the small-scale miners generated from gold mining activities as well as maximize government revenues. According to records from the Federation of Miners Association of Tanzania (FEMATA), there are more than six million small scale miners across Tanzania and more than US\$1.54 billion in gold was exported in 2018.

Amani Completes First Gold Shipment from Geita

On 4 December 2019, Amani announced that Amago completed its first shipment of approximately 6.77Kg gold (purity78%) from Geita mineral and gem Hub (Tanzania) to a Hong Kong refinery. The total amount of refined gold at Hong Kong was 5.08Kg gold (purity 99.9999%) on 29 November.

Amago received payment for the gold from the Hong Kong gold refinery the same day as it was processed. There are plans to increase the size and frequency of shipments from the Geita Hub to Hong Kong as soon as possible.

Corporate

Company Secretary Resignation/Appointment

On 2 December 2019, Amani announced that Mr. Craig McPherson resigned as Company Secretary effective 30 November 2019. The board advised that it appointed Mr. Nick Harding as Company Secretary from that date.

Change of Registered Office Address

On 4 December 2019, Amani announced the change of its registered office and principal place of business to:
Suite 6
149 Brebner Drive
WEST LAKES SA 5021

Completion of Placement

On 22 October 2019, Amani announced the completion of a placement of 833,333,330 shares at \$0.003 per share to raise \$2.5m (refer ASX announcement 16 August 2019). Funds raised will be used by the Company to advance the Giro Gold Project in the DRC.

Subsequent Events

On 29 January 2020, Amani announced that it has issued Convertible Notes with a face value of \$2.1M ('Notes') to a Hong Kong based investment company Neo Gold Limited ('Neo Gold'), with the proceeds available to the Company immediately as the New Shares offered under the Convertible Notes come within the Company's existing placement capacity under ASX Listing Rule 7.1. The Notes have a 24-month maturity from the date of issue ('Maturity Date') and will attract interest at a rate of 2.5% per annum, commencing from the date which is 4 months from the date of issue. Neo Gold may elect to convert all or part of the outstanding Notes at any time prior to the Maturity Date into new shares ("New Shares") at \$0.003 per share.

The Company also announced that it has received an additional commitment from Neo Gold that will raise up to a further \$3.0 million through the issue of up to 1 billion fully paid ordinary shares (Placement Shares) at an issue price of \$0.003 per share (Placement).

Completion of the Placement and issue of the Placement Shares will be subject to shareholder approval at a general meeting of shareholders to be held on 25 March 2020.

Subject to receipt of shareholder approval, funds raised will be used by the Company to advance the Giro Gold Project in the DRC including diamond core and RC drilling programs, regional exploration, resource estimate upgrade for Kebabigada deposit, mining studies and for general working capital purposes. A clear strategy will be advancement to gold production.

On 15 January 2020, Amani announced that it has issued 88,888,888 fully paid ordinary shares to Stocks Digital and 36M unlisted options to Nascent Capital Partners as approved by shareholders at the General Meeting held on 15 October 2019.

On 24 January 2020, Mr. Tsang King Sun, a representative of Neo Gold, was appointed to the Board of Amani Gold Limited.

Changes in Affairs

On 28 November 2019, Amani announced the securing of Gold Dealer Licences in Tanzania via a 60% equity interest in Amago Trading Limited ("Amago"). Amago is a Joint Venture between Amani (via its wholly owned subsidiary) and a consortium of local mining industry professionals headed by Mr Bamwesiga Mwijage (40% Consortium). The Gold Dealer Licence permits Amago to buy, sell or deal in gold which is expected to produce a revenue stream for Amani.

On 4 December 2019, Amani announced that Amago completed its first shipment of approximately 6.77Kg gold (purity 78%) from Geita mineral and gem Hub (Tanzania) to a Hong Kong refinery. The total amount of refined gold at Hong Kong was 5.08Kg gold (purity 99.9999%) on 29 November.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the auditor, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the following page.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001, and on behalf of the Board by:



Jacky Chan
Managing Director

Dated: 13 March 2020

Competent Person's Statement

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

Forward Looking Statements

Statements regarding the Company's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF AMANI GOLD LIMITED

As lead auditor for the review of Amani Gold Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 13 March 2020

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Notes	Consolidated	
		31 December 2019 \$	31 December 2018 \$
Revenue from continuing operations	2	410,213	629
Consultants and corporate costs		(1,475,744)	(324,540)
Salaries, wages and employment expenses		(570,412)	(209,634)
Depreciation expense		(31,620)	(31,593)
Occupancy expenses		(124,261)	(29,578)
Travel expenses		(237,876)	(972)
Share based payments expense	3	(267,356)	(5,000)
Foreign exchange (loss)/gain	3	(19,075)	(11,811)
(Loss) / Profit before related income tax expense		(2,316,130)	(612,499)
Income tax (expense) / benefit		-	-
(Loss) / profit for the period		(2,316,130)	(612,499)
Net (loss) / profit attributable to:			
Owners of Amani Gold Limited		(2,200,254)	(611,031)
Non-controlling interest		(115,876)	(1,468)
		(2,316,130)	(612,499)
Other comprehensive (loss) / income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		35,546	1,506,204
Total comprehensive (loss) / income for the half year attributable to members of Amani Gold Limited		(2,280,585)	893,705
Total comprehensive (loss) / income is attributable to:			
Owners of Amani Gold Limited		(2,121,889)	967,608
Non-controlling interest		(158,696)	(73,903)
		(2,280,585)	893,705
(Loss) / earning per share for the half year attributable to members of Amani Gold Limited			
Basic (loss) / earning per share (cents per share)		(0.05)	(0.04)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

		Consolidated	
	Notes	31 December 2019 \$	30 June 2019 \$
Assets			
Current Assets			
Cash and cash equivalents		499,727	3,521,896
Other receivables		163,730	28,068
Total Current Assets		663,458	3,549,964
Non-Current Assets			
Other receivables		11,000	11,000
Property, plant and equipment		193,036	257,093
Exploration and evaluation expenditure	4	18,545,942	15,248,690
Total Non-Current Assets		18,749,979	15,516,783
Total Assets		19,413,436	19,066,747
Current Liabilities			
Trade and other payables		666,744	604,326
Total Current Liabilities		666,744	604,326
Total Liabilities		666,744	604,326
Net Assets		18,746,692	18,462,421
Equity			
Contributed equity	5	74,345,105	72,101,504
Reserves		11,329,136	10,929,517
Convertible note reserve		-	-
Accumulated losses		(53,058,582)	(50,858,328)
Capital and reserves attributed to the owners of Amani Gold Limited		32,615,660	32,172,693
Non-controlling interest		(13,868,968)	(13,710,272)
Total Equity		18,746,692	18,462,421

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

2018

	Contributed Equity	Accumulated Losses	Share Based Reserve	Option Premium Reserve	Foreign Currency Translation Reserve	Convertible Note Reserve	Non controlling interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	62,868,356	(31,899,230)	5,861,728	1,396,044	1,857,224	-	258,937	40,343,059
Total comprehensive income for the half year								
Loss for the half year	-	(611,031)	-	-	-	-	(1,468)	(612,499)
<i>Other comprehensive income</i>								
Exchange differences on translation of foreign operations	-	-	-	-	1,578,639	-	(72,435)	1,506,204
Total comprehensive loss for the half year	-	(611,031)	-	-	1,578,639	-	(73,903)	893,705
Transactions with equity holders in their capacity as equity holders								
Share and listed option issues (net of costs)	1,056,500	-	-	-	-	-	-	1,056,500
Convertible note issues (net of costs)	-	-	-	-	-	953,000	-	953,000
Share based payments expense – performance rights	-	-	5,000	-	-	-	-	5,000
Balance at 31 December 2018	63,924,856	(32,510,261)	5,866,728	1,396,044	3,435,863	953,000	185,034	43,251,264

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

2019

	Contributed Equity	Accumulated Losses	Share Based Reserve	Option Premium Reserve	Foreign Currency Translation Reserve	Convertible Note Reserve	Non controlling interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	72,101,504	(50,858,328)	5,931,935	1,531,794	3,465,788	-	(13,710,272)	18,462,421
Total comprehensive income for the half year								
Loss for the half year	-	(2,200,254)	-	-	-	-	(115,876)	(2,316,130)
<i>Other comprehensive income</i>								
Exchange differences on translation of foreign operations	-	-	-	-	78,365	-	(42,819)	35,546
Total comprehensive loss for the half year	-	(2,200,254)	-	-	78,365	-	(158,696)	(2,280,585)
Transactions with equity holders in their capacity as equity holders					--			
Share and listed option issues (net of costs)	2,243,601	-	-	53,899	-	-	-	2,297,500
Share based payments expense	-	-	-	-	-	-	-	-
Share based payments expense – performance rights	-	-	267,356	-	-	-	-	267,356
Balance at 31 December 2019	74,345,105	(53,058,582)	6,199,291	1,585,693	3,544,153	-	(13,868,968)	18,746,692

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated	
		31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities			
Receipts from customers		389,671	-
Payments to suppliers and employees		(2,432,082)	(405,953)
Interest received		771	629
Net cash used in operating activities		<u>(2,041,639)</u>	<u>(405,324)</u>
Cash flows from investing activities			
Payment for plant and equipment		42,593	-
Payments for exploration expenditure		(3,265,737)	(2,525,131)
Net cash used in investing activities		<u>(3,223,144)</u>	<u>(2,525,131)</u>
Cash flows from financing activities			
Net proceeds from issue of shares and options		2,243,601	1,080,500
Payment for share issue costs		-	(24,000)
Proceeds from borrowings		-	1,348,963
Net cash provided by financing activities		<u>2,243,601</u>	<u>2,405,463</u>
Net increase/(decrease) in cash held		(3,021,183)	(524,992)
Cash and cash equivalents at 1 July		3,521,896	867,360
Effect of exchange rate changes		(986)	2,378
Cash and cash equivalents at 31 December 2019		<u><u>499,727</u></u>	<u><u>344,746</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose interim financial statements for half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Amani Gold Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year.

Significant accounting judgments and key estimates

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019.

(a) Accounting Policies

The accounting policies are consistent with those applied in the previous financial year and those of the corresponding interim reporting period, other than as detailed below;

(b) Adoption of new and revised accounting standards

A new or amended standard became applicable for the current reporting period for which the Company has adopted

- AASB 16 Lease

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in the statement of comprehensive income. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

There is no impact on the Company for the period ended 31 December 2019.

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The new accounting policies are disclosed below.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Gold Trading

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

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

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

Going Concern Basis

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

For the half year ended 31 December 2019 the Group recorded a loss of \$2,316,130 had net cash outflows from operating activities of \$2,041,639 and is in a net asset position of \$18,746,692 at period end. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The ability of the entity to continue as a going concern is dependent on securing through capital raising activities in the near future to continue its operational activities.

On 29 January 2020, Amani announced that it has issued Convertible Notes with a face value of \$2.1M ('Notes') to a Hong Kong based investment company Neo Gold Limited ('Neo Gold'), with the proceeds available to the Company immediately as the New Shares offered under the Convertible Notes come within the Company's existing placement capacity under ASX Listing Rule 7.1. The Notes have a 24-month maturity from the date of issue ('Maturity Date') and will attract interest at a rate of 2.5% per annum, commencing from the date which is 4 months from the date of issue. Neo Gold may elect to convert all or part of the outstanding Notes at any time prior to the Maturity Date into new shares ("New Shares") at \$0.003 per share.

The Company also announced that it has received an additional commitment from Neo Gold that will raise up to a further \$3.0 million through the issue of up to 1 billion fully paid ordinary shares (Placement Shares) at an issue price of \$0.003 per share (Placement).

Completion of the Placement and issue of the Placement Shares will be subject to shareholder approval at a general meeting of shareholders to be held on 25 March 2020.

The Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis.

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

NOTE 2 REVENUE

Revenue from continuing operations (a)	410,213	629
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During the period Amani secured a Gold Dealer Licence in Tanzania via a 60% equity interest in Amago Trading Ltd. The Gold Dealer Licence permits Amago to buy, sell or deal in gold which is expected to produce a revenue stream for Amani.

- (a) The consolidated entity has recognised revenue from gold trading by Amago Trading Limited (and bank interest) of \$410,213 (2018: \$629).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

NOTE 3: EXPENSES

	Consolidated	
	31 December 2019	31 December 2018
	\$	\$

Profit / Loss for the period includes the following specific expenses:

Amago Gold Trading Expenditure	602,987	-
Foreign exchange loss/(gain)	19,075	11,811
Share based payment expense (b)	267,356	5,000

(b) The consolidated entity has recognised an expense of \$267,356 (2018: \$5,000) in relation to the calculated fair value of performance rights (over ordinary shares) in the Company vesting in the period (refer Note 4).

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2019	30 June 2019
	\$	\$

Exploration and evaluation phase – at cost

Balance at beginning of the period	15,248,690	39,958,658
Expenditure incurred during the period	3,331,625	4,743,831
Impairment	-	(30,946,760)
Foreign currency translation differences	(34,373)	1,492,961
Total exploration and evaluation expenditure	18,545,943	15,248,690

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 5: CONTRIBUTED EQUITY

	31 December 2019 \$	30 June 2019 \$
(a) <i>Ordinary shares</i>		
Issued and fully paid		
6,046,560,824 (30 June 2019: 5,213,227,494)	74,345,105	72,101,503

Movements in ordinary shares on issue for the period

	No.	\$
Balance at beginning of current period (1 July 2019)	5,213,227,494	72,101,503
Private placement issue of shares at \$0.003 each (August 2019)	833,333,330	2,500,000
Share issue expenses (i)	-	(256,398)
Balance at end of current period (31 December 2019)	6,046,560,824	74,345,105

(i) Included within Share issue costs is \$37,500 which was an incentive paid to Mr Yu Qiuming a Director, and a related party of the Company (refer Note 8).

(b) Unlisted Share Options

2019 - Options to subscribe for ordinary shares in the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance	Issued	Exercised/ Cancelled/ Expired	Closing Balance
			1 July 2019	2019/2020	2019	31 December 2019
			Number	Number	Number	Number
15 Apr 2016 – 31 Dec 2020	(i)	\$0.03	7,500,000	-	-	7,500,000
15 Apr 2016 – 31 Dec 2020	(i)	\$0.04	7,500,000	-	-	7,500,000
15 Apr 2016 – 31 Dec 2020	(i)	\$0.05	7,500,000	-	-	7,500,000
2 Nov 2016 – 2 Nov 2019	(ii)	\$0.08	9,500,000	-	9,500,000	-
2 Nov 2016 – 2 Nov 2019	(ii)	\$0.10	9,500,000	-	9,500,000	-
27 May 2019 - 27 May 2022	(iii)	\$0.0075	40,000,000	-	-	40,000,000
27 May 2019 – 27 May 2022	(iii)	\$0.01	40,000,000	-	-	40,000,000
27 May 2019 – 27 May 2022	(iii)	\$0.0125	40,000,000	-	-	40,000,000
15 Oct 2019 – 15 Oct 2022	(iv)	\$0.0075	-	12,000,000	-	12,000,000
15 Oct 2019 – 15 Oct 2022	(iv)	\$0.01	-	12,000,000	-	12,000,000
15 Oct 2019 – 15 Oct 2022	(iv)	\$0.0125	-	12,000,000	-	12,000,000
			161,500,000	36,000,000	19,000,000	178,500,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 5 CONTRIBUTED EQUITY (continued)

- (i) 22.5 million options were issued to a corporate advisor for equity market and strategic advice in market positioning and corporate strategy.
- (ii) 19 million options were issued under the Employee Option Plan for nil consideration as part of the remuneration package of employees of the Company and expired in November 2019.
- (iii) 120 million options were issued to a corporate advisor for equity market and strategic advice in market positioning and corporate strategy.
- (iv) 36 million options were granted to a corporate advisor for equity market and strategic advice in market positioning and corporate strategy. The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black Scholes model and taking into account the terms and conditions upon which the options were granted, including by reference to the market value of the shares trading on the Australian Securities Exchange (ASX) on or around the date of grant.

The model inputs for options granted during the reporting period included:

31 December 2019	36m unlisted options		
Model Inputs	Tranche 1	Tranche 2	Tranche 3
Quantity	12,000,000	12,000,000	12,000,000
Exercise Price	\$0.0075	\$0.01	\$0.0125
Grant Date	15/10/2019	15/10/2019	15/10/2019
Expiry Date	15/10/2022	15/10/2022	15/10/2022
Share price at grant date	\$0.0025	\$0.0025	\$0.0025
Expected volatility	140%	140%	140%
Risk-free rate	1.28%	1.28%	1.28%
Fair Value per option	\$0.00159	\$0.00149	\$0.00141

The share based payment expense of \$53,899 relating to the 36 million options issued during the period ended 31 December 2019 was recognized as a cost of issuing shares expensed direct to equity.

(c) Performance Rights

2019 - Performance Rights over ordinary shares in the capital of the Company have been granted as follows:

Expiry date	Note	Opening Balance 1 July 2019	Issued 2019	Exercised/ Cancelled 2019	Closing Balance 31 December 2019
		Number	Number	Number	Number
31 December 2020	(i)	777,000,000	350,000,000	-	1,127,000,000
		777,000,000	350,000,000	-	1,127,000,000

- (i) Performance rights issued to Directors
During the half year the Company granted 350 million Performance Rights to Directors (as approved by shareholders at a General Meeting on 15 October 2019). The total value of Performance Rights issued was \$700,000. The Performance Rights are subject to certain vesting conditions noted below. The fair value of these Performance Rights was treated as a share-based payment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The fair value per Performance Right and the following inputs were used in the valuation model:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 5 CONTRIBUTED EQUITY (continued)

Performance Rights	Tranche 1	Tranche 2	Tranche 3
Grant Date	15/10/2019	15/10/2019	15/10/2019
Expiry Date	15/10/2022	15/10/2022	15/10/2022
Fair Value per Performance Right (\$)	0.002	0.002	0.002
Exercise Price	Nil	Nil	Nil
Expected volatility	210%	210%	210%
Risk-free rate	1.02%	1.02%	1.02%
Life of rights	2.9 years	2.9 years	2.9 years
Underlying security price at issue (\$)	0.0025	0.0025	0.0025

The performance rights vest subject to meeting specific performance conditions. Tranche 1, 2 and 3 performance rights have a market vesting condition being the Company's shares trade at a daily volume weighted average share price ("VWAP") of at least 0.75, 1.0 and 1.25 cents respectively for a consecutive period of at least 20 trading days.

NOTE 6: SEGMENT INFORMATION

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

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

	Revenue from external sources	Reportable segment loss	Reportable segment assets	Reportable segment liabilities
	\$	\$	\$	\$
For the period end 31 December 2019				
Gold Trading				
Investment in Joint Venture	371,626	(231,361)	269,830	(494,083)
Mineral Exploration				
Exploration activity	-	(2,084,769)	19,143,606	(172,661)
Total	371,626	(2,316,130)	19,413,436	(666,744)
For the period end 31 December 2018				
Gold Trading				
Investment in Joint Venture	-	-	-	-
Mineral Exploration				
Exploration activity	-	(611,031)	19,066,747	(604,326)
Total	-	(611,031)	19,066,747	(604,326)
For year ended 30 June 2019				
Gold Trading				
Investment in Joint Venture	-	-	-	-
Mineral Exploration				
Exploration activity	-	(611,031)	19,066,747	(604,326)
Total	-	(611,031)	19,066,747	(604,326)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019****NOTE 7: CONTINGENT ASSETS AND LIABILITIES**

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

In addition, under existing contractual terms of a shareholder agreement a feasibility study is required to be completed at the Giro Gold Project. Based on the amendment to the shareholder agreement, concluded in December 2017, with Societe Miniere De Kilo Moto SA ("Sokimo"), a company wholly owned by the DRC Government (the original holder of the Giro exploitation permits), on conclusion of the feasibility studies and a decision to mine at the Giro Project, payments of US\$1.65 million and US\$0.7 million will be required to be made by Amani to the DRC Government and Societe Miniere De Kilo Moto SA (Sokimo) respectively. At the date of this report, the feasibility study has not formally concluded and no decision to mine has been made. The draft feasibility study report is with Sokimo for review and input.

On 14 October 2019 Amani Gold provided an update in relation to the Gada Gold Project. The update provided background to the acquisition of the Gada Gold Project and that it had been made aware that BN Mining had commenced proceedings against SOKIMO for the wrongful termination of an Option Agreement over the Gada Gold Project. Amani Gold also advised that it understood that BN Mining had, or intended to, commence proceedings against the Company. Amani Gold has now confirmed that proceedings have also been commenced against the Company for purportedly causing SOKIMO to terminate the Option Agreement and has sought damages amounting to USD\$100m as a result of the termination of the Option Agreement. The court case with Amani Gold and BN Mining is continuing. On 29 January 2020 the Kinshasa Court gave a decision stating that SOKIMO had not wrongfully terminated their Option Agreement with BN Mining. The next court hearing for Amani Gold and BN Mining is expected on 25th March 2020.

In view of the nature of the trigger events relating to the Giro Gold Project and unlikelihood of a successful claim by BN Mining on Gada Gold Project legal proceedings, these liabilities are contingent in nature and no values were allocated as liabilities in this financial report (30 June 2019: Nil).

NOTE 8: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no significant changes in the nature of related party transactions since 30 June 2019. (Refer to Note 4 for options and performance rights issued to Directors)

- Payment of introduction incentive to related party. The incentive was approved by Shareholders at the General Meeting held 15th October 2019.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

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

- On 29 January 2020, Amani announced that it has issued Convertible Notes with a face value of \$2.1M ('Notes') to a Hong Kong based investment company Neo Gold Limited ('Neo Gold'), with the proceeds available to the Company immediately as the New Shares offered under the Convertible Notes come within the Company's existing placement capacity under ASX Listing Rule 7.1. The Notes have a 24-month maturity from the date of issue ('Maturity Date') and will attract interest at a rate of 2.5% per annum, commencing from the date which is 4 months from the date of issue. Neo Gold may elect to convert all or part of the outstanding Notes at any time prior to the Maturity Date into new shares ("New Shares") at \$0.003 per share.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE (continued)

- The Company also announced that it has received an additional commitment from Neo Gold that will raise up to a further \$3.0 million through the issue of up to 1 billion fully paid ordinary shares (Placement Shares) at an issue price of \$0.003 per share (Placement).

Completion of the Placement and issue of the Placement Shares will be subject to shareholder approval at a general meeting of shareholders anticipated to be held by during March 2020.

NOTE 10: DIVIDENDS

No dividends have been declared during the period.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Amani Gold Limited we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 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 the Corporations Regulations 2001; and other mandatory professional reporting requirements.

- (b) there are reasonable grounds to believe that Amani Gold Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001, and on behalf of the Board by:



Jacky Chan
Managing Director

13 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Amani Gold Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Amani Gold Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not 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 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

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

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 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 31 December 2019 and its financial 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 the Group, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith', with a stylized flourish extending to the right.

Neil Smith

Director

Perth, 13 March 2020