



30 June 2019 Quarterly Report Highlights

Exploration

- The Company has recently completed its maiden 6,000 metre reconnaissance aircore drill program with all assay results yet to be received and validated.
- Broad spaced shallow first past drilling was undertaken over a portion of the 20 kilometer gold anomaly.
- Field work is scheduled to recommence in August and will include trenching extensions of the main Agboville gold anomaly, step out soil geochemical sampling, pitting & trenching. Phase two drilling is anticipated post receipt of results.

Corporate

- As at 30 June 2019, African Gold has a strong cash balance of \$3.4 million.
- African Gold has entered into four option agreements to acquire four gold permits located in the highly prospective and prolific gold producing Kenieba Inlier in Western Mali known as the Falémé Gold Project.

- Comprising 111 km² & located around the Senegal Mali Shear Zone (SMSZ) between the AngloGold Ashanti / IAMGOLD Sadiola Mine (13 Moz) and Barrick's Loulo-Gounkoto Mine Complex (14 Moz).
- The Falémé Project encompasses a major geological splay associated with a major flexure on the SMSZ with extensive alluvial and hard-rock artisanal gold workings scattered over 28 kilometers of strike potential.
- Fewer than 25 historical reconnaissance shallow drill holes have been completed on only 3 prospects -multiple walk up drill targets, drill intercepts include¹:
 - 24 m @ 2.01 g/t gold
 - 5 m @ 8.6 g/t gold
 - 7 m @ 4.2 g/t gold
 - 4.3 m @ 4.3 g/t gold

- The Company continues to actively review acquisitions in Africa which complement its existing assets and focus.



"Agboville Gold Project – Maiden drill testing of a major gold anomaly in a highly prospective terrain"

"Falémé Gold Project – Significant & highly prospective landholding in major gold producing district in Mali"

"Focused on delivering shareholder wealth through the identification, exploration & development of significant mineral properties in Africa"

CORPORATE DIRECTORY

Non-Executive Chairman
Evan Cranston

CEO & Exploration Manager
Glen Edwards

Executive Director
Steve Parsons

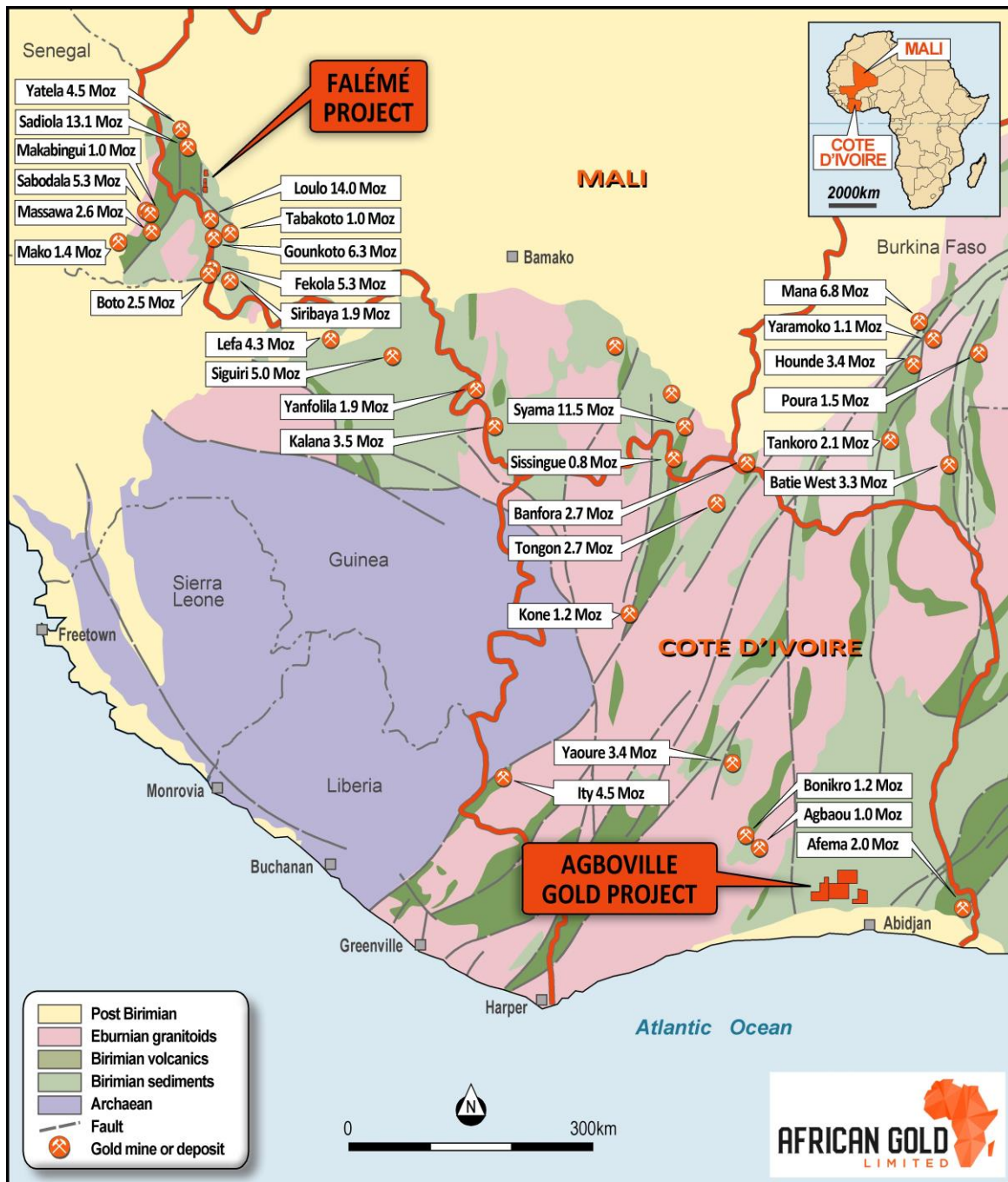
Non-Executive Director
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Figure 1: African Gold Project Locations on geology and significant gold deposits in West Africa.



EXPLORATION

Agboville Gold Project, Cote D'Ivoire

Geology and Setting

The Project is located in the south east of the West African Craton, in an area referred to as the South-Comoe domain, part of what is referred to as the Birimian (Paleoproterozoic rocks of West Africa). This land is well located and considered to be very prospective for gold. It is also considered to have potential for nickel, cobalt, copper, lithium, tantalum +/- niobium and beryllium.

At project scale the dominant rocks in the area are Birimian-age terrigenous sedimentary rocks of the Comoe series comprising of sandstones with a phyllitic matrix, arkoses and pelitic layers. There are graphitic and conglomeratic units. Volcanic rocks are also present within the sedimentary sequence however they only form a minor component. Within this sedimentary package several leucogranites and layered mafic – ultramafic intrusions have been emplaced. Late stage pegmatitic rocks associated with the leucogranite plutons are present.

The volcano-sedimentary series are affected by D1 to D3 deformation phases of the Eburnean Orogeny which here manifested as a WNW directed shortening event. Several regional scale faults/shears are mapped with this north east to south west trend. In addition, ductile shear zones are often developed along the edges of the granites.

Rock type and structural architecture conducive to hosting significant gold mineralisation within structural sites associated with rheological contracts. Mapped mineral occurrences on the licences include columbite, tantalite, monazite, copper, nickel, cobalt, manganese and chromite within the tenements.

Alluvial and eluvial gold mineralisation is known to the east and west of the project along the regional trend and recent exploration work in the project area has delineated a large and significant gold in soil anomaly. This soil anomaly trends to the north east – south west, and gold mineralisation is associated with shear zones parallel to the regional structural trend.

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. To date there has been no exploration drilling completed in the project areas, and the defined soil anomalies remain completely untested. The maximum gold assay returning from the soil samples was 4.11 g/t gold (4110 ppb)¹ within a ~ 20km coherent soil anomaly.

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 Gold's April 2019 program, **no previous drill testing has been conducted in the project.**

The company is committed to "doing it right" in a compliant, environmentally conscious, sustainable manner that maintains the licences to operate.

Current Exploration

During the quarter the following exploration was undertaken:

- Mapping and rock chip sampling with results expected to be released in the coming quarter.
- A 6,000 metre, 174 hole reconnaissance air core drilling program was completed in May/June 2019. 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 Prospect². Results are imminent and will be released in the coming weeks.

Work Programs

In the coming quarter, the Company intends to complete the following work programs:

- Trenching and pitting. Drilling has confirmed the stripped nature of the regolith profile. Mapping in the southern part of the Tyche anomaly suggests a change in lithology and possible rheological contrasts within the broader corridor. Further work will focus on identifying and targeting changes jogs and changes in orientation of the mineralised structure, changes in lithologies and presence of small intrusive bodies.
- Further air core drilling to follow-up gold-in-soil anomalies, drill intercepts and results of pitting and trench results.
- Soil sampling program to further define SW strike continuity of the Tyche anomaly. Multi-element analysis of this southern extension (10 kilometres of strike) and selected lines on the 20 kilometres of the already defined Tyche gold-in-soil anomaly will assist in identifying lithological units. As reported² previously lag and soil sampling results suggest the Tyche gold anomaly could extend to the south west for a further 10 kilometres.
- The area to the south west is geologically more complex due to flexures to the shear corridor, changes in mapped lithologies and the presence of a number of intrusive bodies.
- Mapping, rock chip and soil sampling of the mafic intrusive bodies and analysis by multielement for base metals and PGEs.

CORPORATE

Cash

As at 30 June 2019, African Gold held \$3.4 million (31 March 2019: \$4.1 million) in cash. Refer to the Appendix 5B (ASX website) for principal movements in cash for the quarter.

Land Acquisition in a Major Gold Producing Region, Western Mali

Falémé Gold Project – Mali¹

In July 2019, African Gold's 100% owned Malian subsidiary African Gold Mali SARL entered into four option agreements to acquire gold projects located in the highly prospective and prolific gold producing Kenieba Inlier in western Mali known as the Falémé Gold Project.

The secured **Falémé Gold Project** on the Senegal Mali Shear Zone is located centrally between the Loulou-Goukoto mine (14 Moz gold Barrick) 45 km to the south and the Sadiola mine (13 Moz gold IAMGOLD/AngoGold Ashanti) 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.

The properties are located in the hanging wall within 15km of the interpreted position of the main Senegal Mali Shear Zone (SMSZ). The majority of the large world class gold deposits in Mali are located in close proximity to the SMSZ which include **Fekola 5.2 Moz** (B2Gold), **Loulo 14 Moz** (Barrick), **Goukoto 5.4 Moz** (Barrick), **Yatela 3 Moz** (IAMGOLD/AngoGold Ashanti) and **Sadiola 13 Moz** (IAMGOLD/AngoGold Ashanti).

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 associated with splays and accommodation structures close to and associated with the SMSZ. 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.

Selected historical reconnaissance RC and Diamond drill intercepts include¹:

| | |
|--------------------------------|--|
| Demba Massa Prospect: | <p>24 m @ 2.01 g/t gold</p> <p>5 m @ 8.6 g/t gold</p> <p>3 m @ 1.8 g/t gold</p> <p>2.1 m @ 5.63 g/t gold</p> <p>3 m @ 2.83 g/t gold</p> <p>2.3 m @ 3.40 g/t gold</p> <p>1.6 m @ 5.00 g/t gold</p> <p>2.9 m @ 2.37 g/t gold</p> |
| TD Prospect: | <p>5.5 m @ 2.9 g/t gold within a broader 23 m @ 1.0 g/t gold</p> <p>9 m @ 1.04 g/t gold within a broader 26 m @ 0.58 g.t gold</p> <p>64 m @ 0.23 g/t gold</p> <p>7 m @ 4.2 g/t gold</p> <p>4.3 m @ 4.3 g/t gold</p> |
| Bourdala West Prospect: | <p>2 m @ 4.09 g/t gold</p> |

Encouragingly for the discovery of a large gold system is the identification of broad zones of alteration, shearing encompassing multiple lithologies. Recently completed soil sampling surveys by the previous company at

Diokeba and BouBou Prospects have returned numerous >1km, coherent, robust >40ppb gold-in-soil anomalies that have never been drill tested.

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.

Of the 200 soils collected at Bou Bou 48 returned values of greater than 40ppb Au and of the 457 samples collected at Diokeba Sud 31 returned values of greater than 40ppb Au.

The location of licenses are shown in Figure 1 and details of the project geology and previous work on Figures 2 to 5.

Figure 2: Falémé Project location within the Kenieba-Kedegou Window – A major gold producing region - Western Mali showing simplified geology, major deposits in the area and Permits.

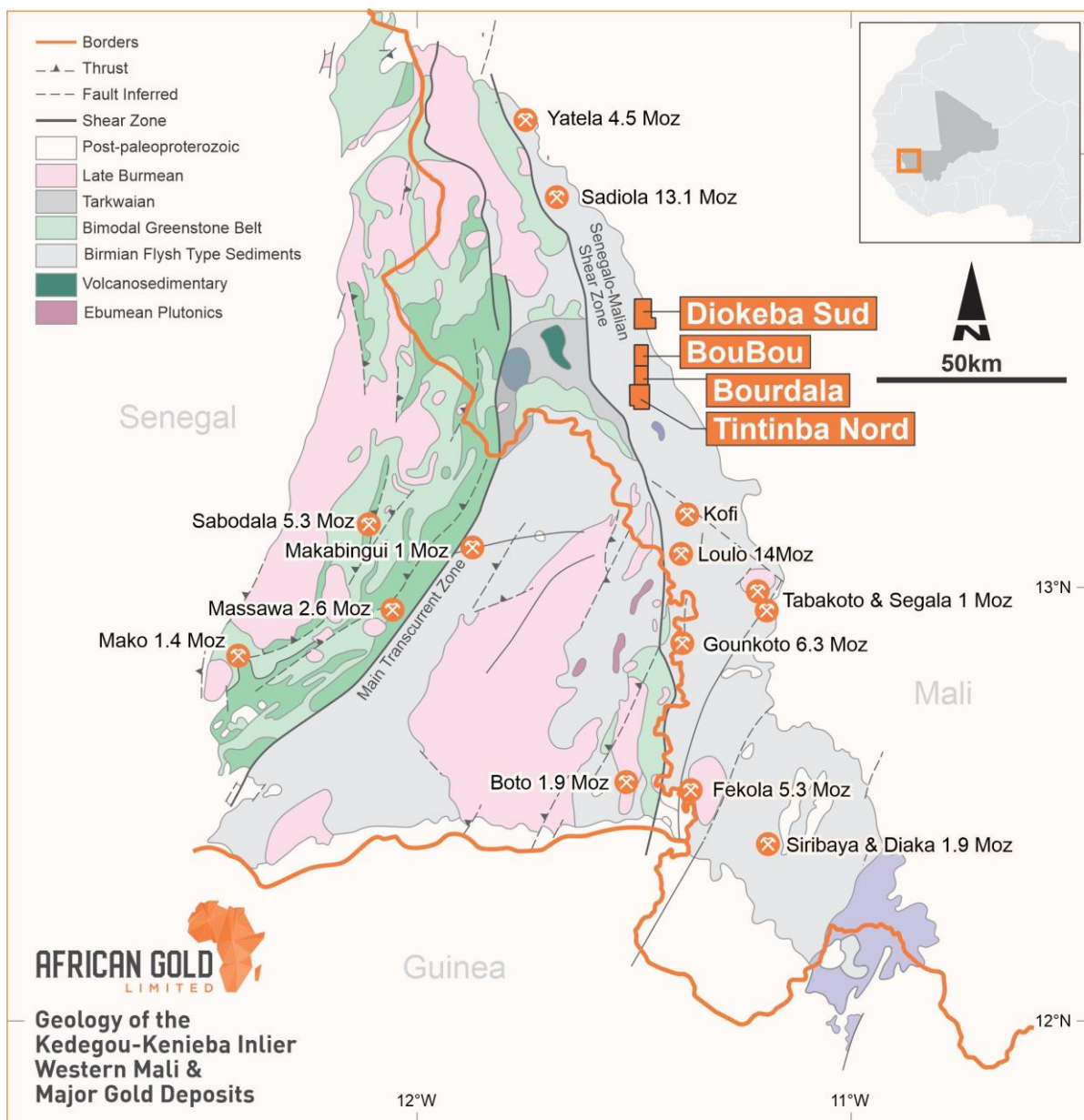


Figure 3: Falémé Project, location of permits on geology and magnetic image showing historical drill results.

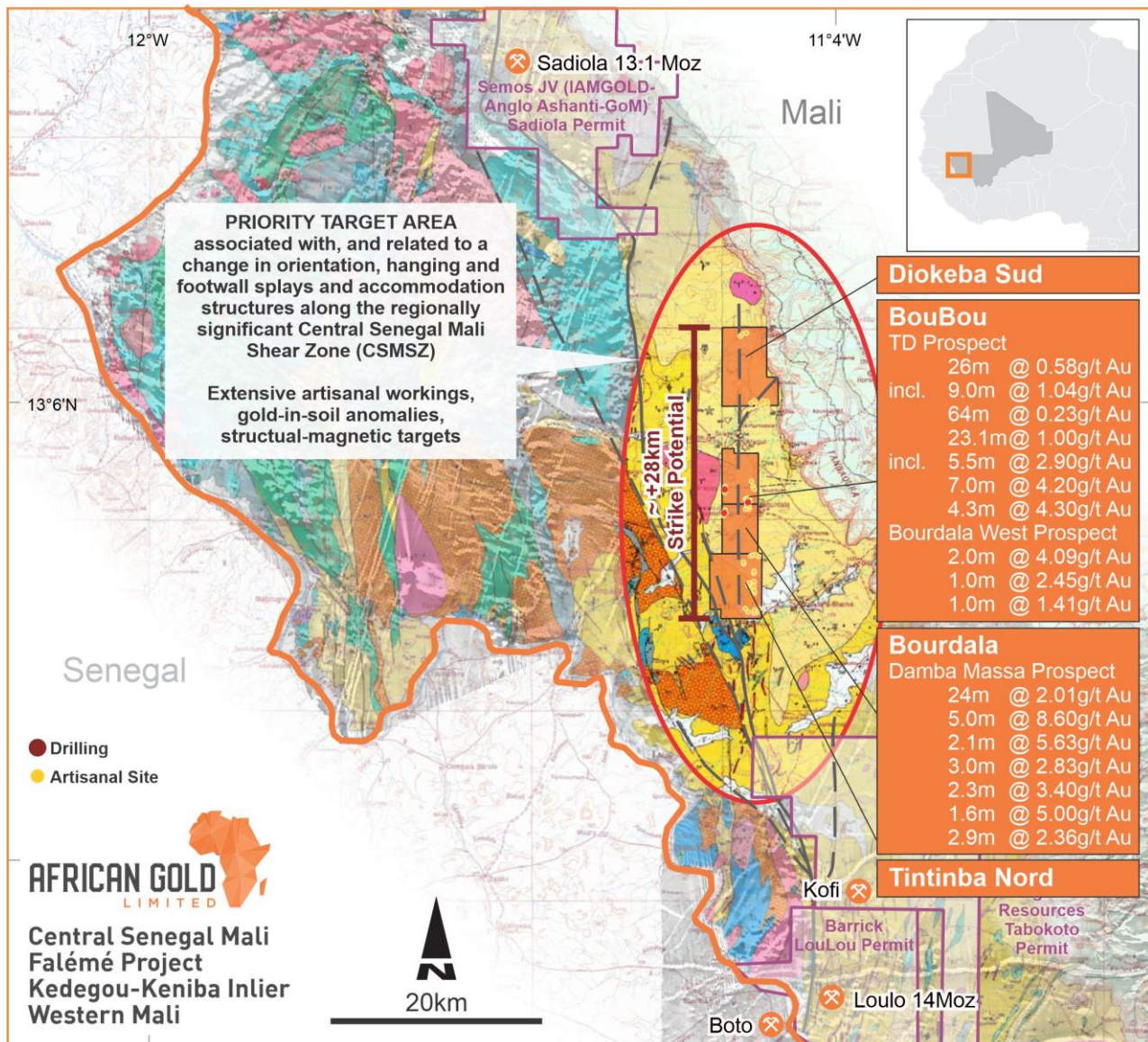


Figure 4: Falémé Project, location of permits on geology and magnetic image showing extent artisanal workings, all historical drill collars and selected results.

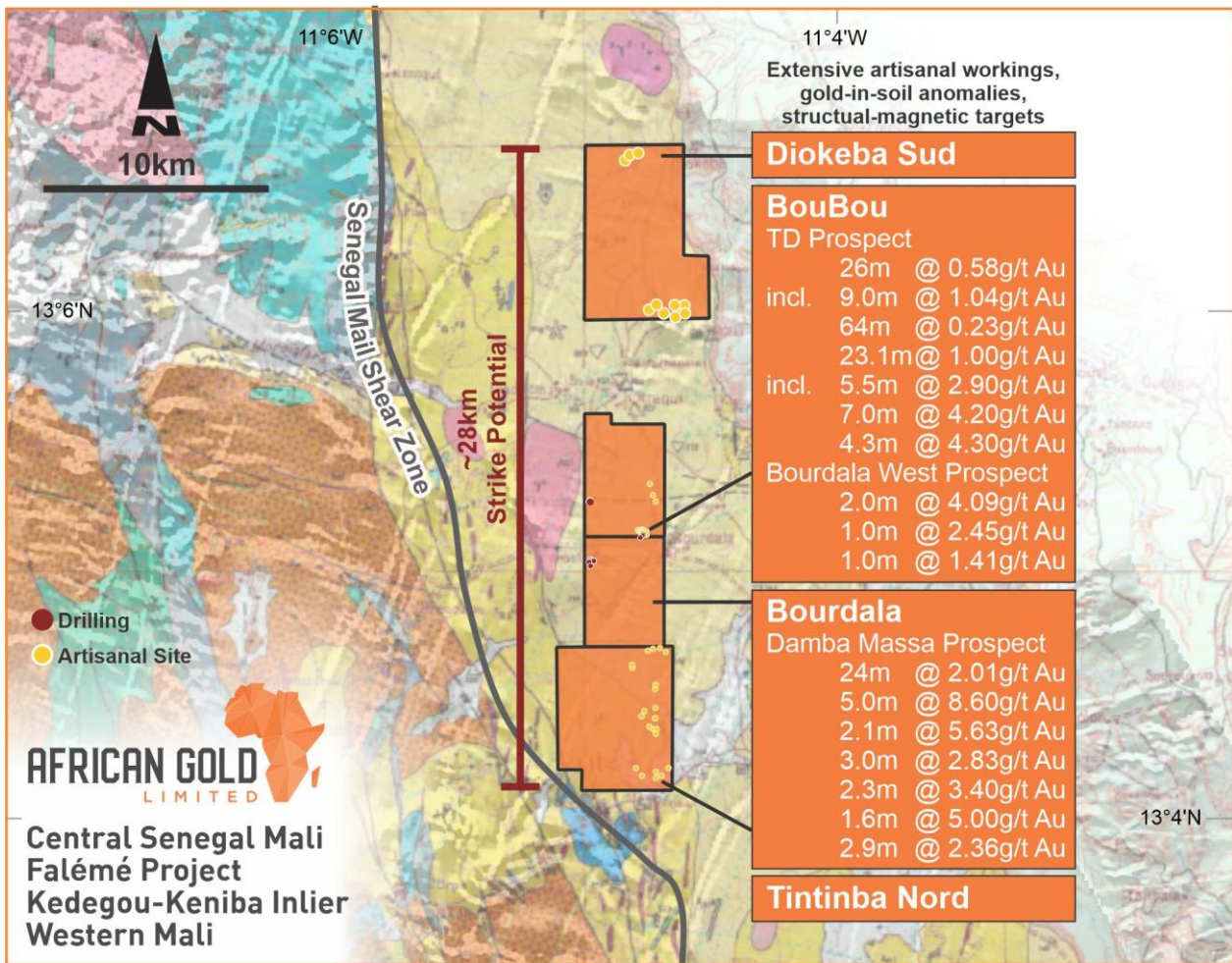


Figure 5: Falémé Gold Project, BouBou Permit – an example of extent of limited historical work undertaken and the significant walk up targets (Historical drilling on gold-in-soils + artisanal sites).

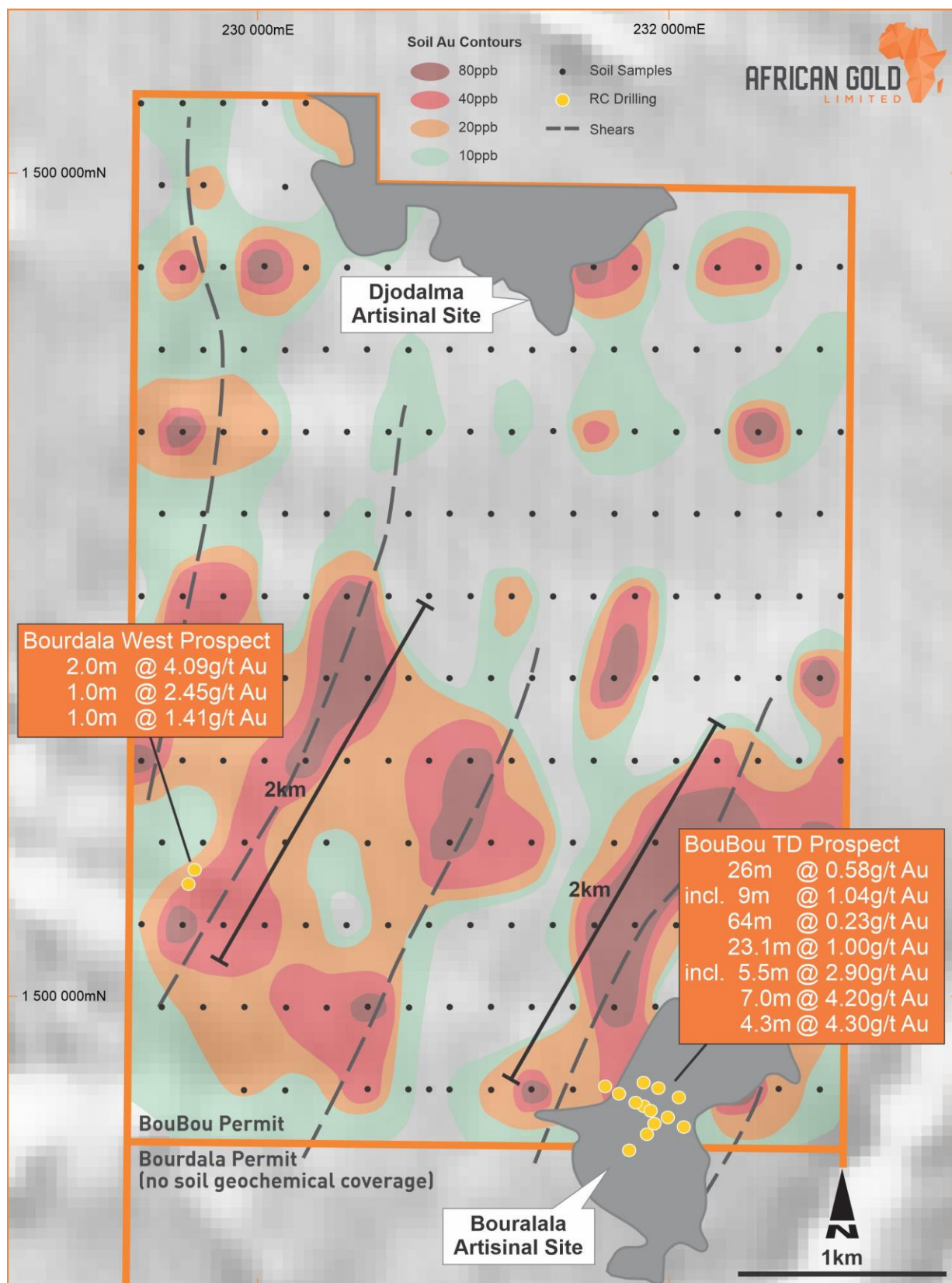




Plate 1: BouBou/Bourdala Permit – Bourdala/TD Artisanal Workings looking west, active since 2001.



Plate 2: BouBou Permit – Bourdala West Artisanal Workings looking west.



Plate 3: Panned gold concentrate from the Djodaloma Artisanal Workings.



Plate 4: BouBou/Bourdala Permit – Bourdala/TD Artisanal Workings. Gold bearing quartz-carbonate vein in silicified-carbonate-sulphide altered meta-sediment.



Plate 5: Diokeba Sud Permit view to north east near Galadiou – transported sands never tested below.

Terms of the Agreement

BouBou Permit (25sqkm) agreement with Mande Empire Resources SARL

- 1) Option payment of US\$20,000 to vendor on signing.
- 2) Payment of US\$30,000 to vendor 12 months after signing, at this point African Gold earns 51% equity in the Permit.
- 3) Payment of US\$60,000 to vendor 24 months after signing, at this point African Gold will have 90% equity and Mande Empire 10% equity. At this juncture Mande Empire can elect to contribute or convert to a 2% NSR (1%NSR purchasable for US\$500,000).
- 4) African Gold will meet minimum expenditure commitments and keep permits in good standing.

Bourdala Permit (16sqkm) with Doumou SARL

- 1) Option payment of US\$40,000 to vendor on signing.
- 2) Payment of US\$50,000 to vendor 12 months after signing, at this point African Gold earns 51% equity
- 3) Payment of \$60,000 to vendor 24 months after signing, at this point African Gold will have 90% equity and Doumou 10% equity. At this juncture Doumou can elect to contribute or convert to a 2% NSR (purchasable for US\$1,000,000)
- 4) African Gold will meet minimum expenditure commitments and keep permits in good standing.

Diokeba Sud Permit (35sqkm) agreement with SAB International SARL

- 1) Option payment of US\$20,000 to vendor on signing. Of this cfa 5,000,000 will be used to pay for the grant of the license in accordance with Malian Mining law.
- 2) Payment of US\$30,000 to vendor 12 months after signing, at this point African Gold earns 51% equity.
- 3) Payment of US\$50,000 to vendor 24 months after signing, at this point African Gold will have 90% equity and SAB International 10% equity. At this juncture SAB International can elect to contribute or convert to a 2% NSR (1% NSR purchasable for US\$1,000,000).

- 4) African Gold will meet minimum expenditure commitments and keep permits in good standing.

Tintinba Nord Permit (35sqkm) agreement with Macina Gold Company SARL

- 1) Option payment of US\$50,000 on signing.
- 2) African Gold to sole fund first year exploration to a value of US\$250,000. Once done African Gold will hold 55% equity and Macina Gold 45% equity in the permit.
- 3) Macina gold will retain alluvial rights to a depth of 2 meters over a designated area. This will not restrict exploration or exploitation of resources below this depth.
- 4) Thereafter a joint venture will be formed and Macina gold can elect to contribute to retain equity or dilute. If they dilute this will be converted to a 10% free carried to decision to mine. If Macina dilutes further this will be converted to a 2 %NSR (purchasable for a consideration based in value profit calculated at time of DFS).
- 5) African Gold will meet minimum expenditure commitments and keep permits in good standing.

Work Programs

Falémé Project Mali

- Data collection collation and interpretation and program design.
- Field work will commence post the wet season, October 2019. This will include but not be limited to geological and regolith mapping, mapping and systematic sampling of artisanal workings; regional soil sampling on Bourdala and Tintinba Nord; infill soil sampling on BouBou and Diokeba and trenching and pitting to assist with regolith interpretation.

Yours Faithfully



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Notes:

¹ Refer ASX announcement on 4 July 2019. 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 18 March 2019. African Gold is not aware of any new information or data that materially affects the information included in the said announcement.

Competent Persons Statements

Information in this announcement 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 20012 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 announcement.

Appendix 1

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 2019.

| TENEMENT NAME | LOCATION | PERMIT TYPE AND NUMBER | % OF OWNERSHIP |
|---------------|----------------|------------------------------------|----------------|
| Agboville | Côte d’Ivoire. | Permis de recherche (Or) – no. 648 | 100% |
| Sikensi | Côte d’Ivoire. | Permis de recherche (Or) – no. 649 | 100% |
| Azaguie | Côte d’Ivoire. | Permis de recherche (Or) | Pending, 100% |
| Gomon | Côte d’Ivoire. | Permis de recherche (Or) | Pending, 100% |

Mining Tenements disposed: Nil

Mining Tenements acquired: Nil

Beneficial percentage interests held in farm in or farm-out agreements: Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: Nil