



AFRICAN GOLD LTD | ACN 624 164 852

FOR AN INITIAL PUBLIC OFFER OF 22,500,000 SHARES AT AN ISSUE PRICE OF \$0.20 EACH TO RAISE \$4,500,000 (PUBLIC OFFER). THE PUBLIC OFFER IS SUBJECT TO A MINIMUM SUBSCRIPTION REQUIREMENT TO RAISE AT LEAST \$4,500,000.

This Prospectus also includes an offer of up to 9,750,000 Options at an issue price of \$0.0001 each to advisors of the Company (or their respective nominees) (Advisor Offer).

The Public Offer and the Advisor Offer (together, the Offers) pursuant to this Prospectus are subject to a number of conditions precedent as outlined in Section 1.4 of this Prospectus.

It is proposed that the Offers will close at 5:00pm (WST) on 14 January 2019. The Directors reserve the right to close the Offers earlier or to extend this date without notice. Applications must be received before that time. This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this document.

Investment in the Securities offered pursuant to this Prospectus should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.



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# IMPORTANT INFORMATION

## PROSPECTUS

This Prospectus is dated, and was lodged with ASIC on, 6 December 2018. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Securities will be issued on the basis of this Prospectus after that expiry date.

Application will be made to ASX within 7 days of the date of this Prospectus for Official Quotation of the Shares the subject of the Public Offer.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

## EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

## CONDITIONAL OFFERS

The Offers contained in this Prospectus are conditional on certain events occurring. If these events do not occur, the Offers will not proceed and investors will be refunded their Application Monies without interest. Please refer to Section 1.4 for further details on the conditions attaching to the Offers.

## ELECTRONIC PROSPECTUS AND APPLICATION FORM

This Prospectus will generally be made available in electronic form by being posted on the Company's website at [www.african-gold.com](http://www.african-gold.com). Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office by contacting the Company as detailed in the Corporate Directory. The Offers constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and the Application Form within Australia.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from [www.african-gold.com](http://www.african-gold.com). The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Securities under the Offers should complete the relevant Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

No document or information included on the Company's website is incorporated by reference into this Prospectus.

## OFFER OUTSIDE AUSTRALIA

No action has been taken to register or qualify the Securities the subject of this Prospectus, or the Offers, or otherwise to permit the offering of the Securities, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

## SPECULATIVE INVESTMENT

The Securities offered pursuant to this Prospectus should be considered **highly speculative**. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Securities.

## USING THIS PROSPECTUS

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as “believes”, “estimates”, “expects”, “targets”, “intends”, “may”, “will”, “would”, “could”, or “should” and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

## COMPETENT PERSONS STATEMENT

The information in this Prospectus that relates to exploration results is based on, and fairly represents, information and supporting documentation prepared by Mr Shane Hibbird, who is a member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Hibbird has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the JORC Code. Mr Hibbird consents to the inclusion of the matters based on his information in the form and context in which it appears in this Prospectus and has not withdrawn his consent before lodgement of this Prospectus with ASIC.

## PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

## MISCELLANEOUS

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to “\$” are references to Australian dollars. All references to “US\$” are to United States dollars.

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 10.

# CORPORATE DIRECTORY

## DIRECTORS

**Mr Stephen Parsons** | Executive Director

**Mr Evan Cranston** | Non-Executive Chairman

**Mr Tolga Kumova** | Non-Executive Director

## COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

**Mr Michael Naylor**

## CHIEF EXECUTIVE OFFICER & EXPLORATION MANAGER

**Mr Glen Edwards**

## REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Suite 3, Level 3, 24 Outram Street  
WEST PERTH WA 6005

**P:** +61 8 6166 9161

**E:** admin@african-gold.com

**W:** www.african-gold.com

## PROPOSED STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX)  
Proposed ASX Code: A1G

## SHARE REGISTRY\*

### Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace  
PERTH WA 6000

**P:** (within Australia): 1300 850 505

**P:** (outside Australia): +61 (0)3 9415 4000

## AUDITOR\*

### Grant Thornton Audit Pty Ltd

Level 43, Central Park  
152-158 St Georges Terrace  
PERTH, WA 6000

## AUSTRALIAN SOLICITORS

### Bellanhouse Lawyers

Level 19, Alluvion  
58 Mounts Bay Road  
PERTH WA 6000

## IVORIAN SOLICITORS

### John W Ffooks & Co

1st Floor, Immeuble Assist, Ivandry  
Antananarivo 101 MADAGASCAR

## INDEPENDENT GEOLOGIST

### Mr Shane Hibbird

72 Manbari Crescent  
WANNEROO WA 6065

## INVESTIGATING ACCOUNTANT

### Grant Thornton Corporate Finance Pty Ltd

Level 43, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

\* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

# LETTER FROM THE CHAIRMAN

## DEAR INVESTOR

On behalf of the board of African Gold Ltd (**Company**), I am pleased to present this Prospectus and to invite you to become a shareholder in the Company.

The Company is a newly incorporated mineral exploration company focussed on delivering shareholder value through the identification, development and acquisition of mineral exploration properties in West Africa across the precious metals, base metals and industrial metals commodity spectrum.

The Company's assets consist of rights over two granted exploration permits, the Agboville and the Sikensi Permits that secure a total area of 792 km<sup>2</sup>, and two exploration permit application areas, Azaguie and Gomon, which cover 397 km<sup>2</sup> and 214 km<sup>2</sup> respectively (**Tenements**). The Tenements are located in Côte d'Ivoire and are considered to be highly prospective for gold.

A core part of the Company's strategy will be to leverage the expertise of its management and Directors to monetise the Tenements through a thorough evaluation of each of the Tenements' mineral exploration potential and the proposed development scenarios presented.

Running in parallel with the proposed evaluation and exploration of the Tenements the Company's ongoing strategy will also include the identification and acquisition of projects, across the commodity spectrum mentioned above, that the Board believes will provide fundamental value to Shareholders. The Board is of the view that a well-funded and well credentialed entity such as the Company will be poised to take advantage of the depressed valuations currently seen in some mining asset classes as a result of the highly volatile commodity price environment in which we now operate.

The purpose of the Public Offer is to raise \$4,500,000 (before associated costs) by the issue of 22,500,000 Shares at an issue price of \$0.20 each.

As detailed in Section 1.5 of this Prospectus, the proceeds of the Offers will be utilised to enable the Company to fund the Company's mineral exploration activities on the projects highlighted in this Prospectus, and pay administration costs, corporate overheads and costs of the Offers. In addition, the proceeds will provide working capital including to pursue appropriate opportunities, both domestically and internationally, to acquire control, earn interest and/or enter into joint ventures and similar alliances in relation to other projects for other commodities in order to expand the Company's existing portfolio of exploration and development assets.

This Prospectus contains detailed information about the Offers and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 4).

We look forward to welcoming you as a Shareholder should you decide to take up Shares pursuant to the Public Offer.

Yours faithfully,



**Evan Cranston**  
Non-Executive Chairman

# KEY OFFER DETAILS

PRO FORMA CAPITAL STRUCTURE <sup>1</sup>	SUBSCRIPTION
Offer Price per Share	\$0.20
Shares offered under the Public Offer	22,500,000
Cash raised under the Public Offer (before expenses)	\$4,500,000
Options offered under the Advisor Offer <sup>2</sup>	9,750,000
Existing Securities on issue <sup>3</sup>	
Shares	24,200,001
Options <sup>4</sup>	35,000,000
Consideration Shares to be issued to the Vendors <sup>6</sup>	8,250,000
Performance Rights to be issued to an employee <sup>5</sup>	2,000,000
<b>Total Securities on issue on completion of the Offers</b>	
<b>Shares</b>	<b>54,950,001</b>
<b>Options</b>	<b>44,750,000</b>
<b>Performance Rights</b>	<b>2,000,000</b>

## NOTES:

1. Please refer to Section 1.6 for further details relating to the proposed capital structure of the Company.
2. Comprised of Advisor Options to be issued at \$0.0001 each, with an exercise price of \$0.20 each and an expiry date 3 years after the date of grant, on the terms and conditions set out in Section 8.2.
3. See Section 2.2 for further details of the current capital structure of the Company.
4. Comprised of Management Options with an exercise price of \$0.20 each and an expiry date of 17 April 2023, otherwise granted on the terms and conditions set out in Section 8.2.
5. Comprised of 1,000,000 Class A Performance Rights and 1,000,000 Class B Performance Rights to be granted to the Chief Executive Officer and Exploration Manager on the terms and conditions set out in Section 8.3.
6. Pursuant to the Acquisition Agreement between the Company and the Vendors for the acquisition of the Tenements for a total of 8.25 million Shares valued at the Offer Price of \$0.20 each, plus a \$30,000 cash payment and up to a further \$50,000 cash payment as reimbursement of previous expenditure. Please refer to Sections 2.1 and 7.2 for further details relating to the Acquisition Agreement.



# INDICATIVE TIMETABLE

EVENT	DATE
Lodgement of this Prospectus with ASIC	6 December 2018
Opening Date for the Offers	14 December 2018
Closing Date for the Offers	14 January 2019
Allotment and issue date of Securities	21 January 2019
Despatch of holding statements	22 January 2019
Expected date for quotation on ASX	Mid-February 2019

## Notes:

The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

# INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

TOPIC	SUMMARY	MORE INFORMATION															
<b>INTRODUCTION</b>																	
Who is the Company and what does it do?	<p>African Gold Ltd (ACN 624 164 852) (<b>Company</b>) is an Australian company incorporated on 1 February 2018 for the purpose of pursuing various investment opportunities in the resources sector designed to add shareholder value by acquiring, exploring, evaluating and exploiting mineral resource project opportunities in Africa.</p> <p>Since incorporation, the Company has entered into a conditional agreement (<b>Acquisition Agreement</b>) with Redstar Resources Limited, Mr Mohamed Niare and Berringer Limited (<b>Vendors</b>) to acquire 100% legal and beneficial ownership of Golden Ivoire SARL, a private entity incorporated in Côte d'Ivoire, which has an interest in 2 granted mining exploration licences and 2 applications for mining exploration licences (<b>Tenements</b>) in Côte d'Ivoire which are considered to be prospective for gold.</p>	Section 2.1															
What are the Company's projects?	<p>Following completion of the Acquisition Agreement, the Tenements will be 100% owned by the Company, through its wholly-owned subsidiary Golden Ivoire SARL, as follows:</p> <table> <tr> <th>TENEMENT NAME</th><th>PERMIT TYPE AND NUMBER</th><th>STATUS</th></tr> <tr> <td>Agboville</td><td>Permis de recherche (Or) – no. 648</td><td>Granted</td></tr> <tr> <td>Agboville et Sikensi</td><td>Permis de recherche (Or) – no. 649</td><td>Granted</td></tr> <tr> <td>Azaguie-Anyama</td><td>Permis de recherche (Or)</td><td>Application</td></tr> <tr> <td>Agboville et Gomon</td><td>Permis de recherche (Or)</td><td>Application</td></tr> </table>	TENEMENT NAME	PERMIT TYPE AND NUMBER	STATUS	Agboville	Permis de recherche (Or) – no. 648	Granted	Agboville et Sikensi	Permis de recherche (Or) – no. 649	Granted	Azaguie-Anyama	Permis de recherche (Or)	Application	Agboville et Gomon	Permis de recherche (Or)	Application	Sections 2.1 and 2.4
TENEMENT NAME	PERMIT TYPE AND NUMBER	STATUS															
Agboville	Permis de recherche (Or) – no. 648	Granted															
Agboville et Sikensi	Permis de recherche (Or) – no. 649	Granted															
Azaguie-Anyama	Permis de recherche (Or)	Application															
Agboville et Gomon	Permis de recherche (Or)	Application															
What is the Company's financial position?	<p>As the Company was incorporated in February 2018 and has not traded, it has not yet earned any revenue or incurred any expenses from its activities (other than the expenses of the Offers).</p> <p>Financial information for the Company is set out in Section 5 and an Independent Limited Assurance Report is included at Annexure A.</p> <p>The Board is satisfied that upon completion of the Offers, the Company will have sufficient working capital to meet its stated objectives.</p>	Section 5 and Annexure A															

TOPIC	SUMMARY	MORE INFORMATION
What is the proposed use of funds raised under the Offers?	<p>The Company proposes to use the funds raised from the Offers to undertake exploration on the Tenements, pay expenses of the Offers and Directors' fees, and towards general administration fees and working capital.</p> <p>The Company also proposes to actively pursue further acquisitions which complement its existing focus. If and when a viable investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both.</p>	Section 1.5
What is the proposed capital structure of the Company?	Following completion of the Offers under this Prospectus and completion of the Acquisition Agreement, the proposed capital structure of the Company is as set out in Section 1.6.	Section 1.6
What is the Company's strategy?	Following completion of the Offers under this Prospectus and completion of the Acquisition Agreement, the Company intends to undertake dualistic multi-disciplinary exploration on each of the granted Tenements to evaluate the existing gold anomalies and generate new exploration targets. The Company also intends to pursue new projects and opportunistic acquisitions in the resource sector in various jurisdictions to create additional Shareholder value.	Section 2.5
<b>SUMMARY OF KEY RISKS</b>		
<p>Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered <b>highly speculative</b>. This Section summarises the key risks which apply to an investment in the Company and investors should refer to Section 4 for a more detailed summary of the risks.</p>		
Limited history	The Company was incorporated on 1 February 2018 and therefore has limited operational and financial history on which to evaluate its business and prospects. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or mining development of, the Tenements. Until the Company is able to realise value from the Tenements, it is likely to incur operational losses.	Section 4.1(a)
Conditionality of Offers	The obligation of the Company to issue the Securities under the Offers is conditional on certain matters, as set out in Section 1.4. If the conditions are not satisfied, the Company will not proceed with the Offers. Failure to complete the Offers may have a material adverse effect on the Company's financial position.	Section 4.1(b)
Contractual risk	Pursuant to the Acquisition Agreement (summarised at Section 7.2) the Company has agreed to acquire 100% legal and beneficial ownership of Golden Ivoire SARL from the Vendors subject to the fulfilment of certain conditions precedent. If any of these conditions precedent are not met, completion of the acquisition of Golden Ivoire SARL may be deferred or not occur. The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.	Section 4.1(c)

TOPIC	SUMMARY	MORE INFORMATION
New projects and acquisitions	<p>The Company will actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.</p> <p>The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.</p> <p>If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.</p>	Section 4.1(e)
Future capital requirements	<p>The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Tenements are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Offers should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Prospectus.</p> <p>In order to successfully develop the Tenements and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Offers. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.</p>	Section 4.1(f)
Government regulation and political risk in the mining industry	<p>Golden Ivoire SARL is incorporated in Côte d'Ivoire and the Tenements are located in Côte d'Ivoire. Golden Ivoire SARL's operating activities are subject to Ivorian laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability. Section 3.3 and the Solicitor's Report at Annexure B describes the Ivorian law on mining that applies to the Tenements.</p>	Section 4.2(a)

TOPIC	SUMMARY	MORE INFORMATION
Risks associated with operating in West Africa	<p>The Tenements lie within the West African country of Côte d'Ivoire and the Company will be subject to the risks associated with operating there. Such risks can include economic, social or political instability or change, disease outbreak, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents. In addition, changes to exploration, mining or investment policies and legislation or a shift in political attitude in the jurisdictions in which the Company operates may adversely affect the Company's proposed operations and profitability. The Company may also be required by local authorities to invest in social projects for the benefit of the local community. Additional social expenditures in the future may have a negative impact on the Company's profitability.</p>	Section 4.2(b)
Title risk	<p>The ownership of mineral exploration licences in Côte d'Ivoire is governed primarily by the Mining Code. A summary of the relevant legal regime is set out in Section 3.3. Although the Company has taken steps to verify the title to the resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or other stakeholder rights.</p> <p>Golden Ivoire SARL has lodged applications for two mineral exploration licences (Azaguie-Anyama and Agboville et Gomon). These Tenements must be granted before Golden Ivoire SARL may acquire 100% legal and beneficial interest in those Tenements. There is a risk that these applications may not be granted in their entirety or only granted on conditions unacceptable to the Company. In the event the applications are not granted (or are only granted on unacceptable terms) the Company intends to continue to focus on the granted Tenements and continue to pursue complementary assets.</p> <p>Pursuant to Article 8 of the Decree implementing the Mining Code, approval of the Minister of Mines must be sought for the change of control of a company which holds exploration permits. Such approval is expected to be obtained post-Admission. However, as noted in the Solicitor's Report at Annexure B, the Company does not foresee any reason why Ministerial consent applicable to all Ivorian mining companies in the event of a change of control would not be granted to Golden Ivoire SARL. In all cases, in the event that the Ministerial consent is not obtained, the Company shall continue to have its contractual rights and an equitable lien under the Acquisition Agreement to access, explore, prospect, sample, drill, mine and do such other acts permitted under the granted Tenements.</p>	Section 4.3(a)

TOPIC	SUMMARY	MORE INFORMATION
Exploration and development risks	<p>Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of acquired projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.</p> <p>The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of its projects.</p>	Section 4.3(b)
Licences, permits and approvals	<p>Through Golden Ivoire SARL, the Company will hold all material authorisations required to undertake the exploration program described in this Prospectus. However, many of the mineral rights and interests to be held by the Company are subject to the need for ongoing or new government approvals, licences and permits. These requirements, including work permits and environmental approvals, will change as the Company's operations develop. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the Company's operations.</p> <p>The Tenements (both granted and applied for) are in respect of gold only (as under the decree which implements the Mining Code an exploration permit must specify the type of mineral it would like to explore). In the event that the Company's planned exploration program reveals the existence of other non-gold minerals in significant quantities, the Company will make an assessment at that time regarding the viability of further works and any separate permits that may be required in respect of such mineral(s). There is no guarantee that the Company will be able to secure the rights in respect of such non-gold minerals or to obtain any applicable permit for such mineral(s).</p>	Section 4.3(j)
Reliance on key personnel	<p>The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company. It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.</p>	Section 4.3(k)

TOPIC	SUMMARY	MORE INFORMATION												
Conflicts of interest	Certain Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. These engagements are summarised in Section 6.2. Accordingly, mineral exploration opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company in first instance. Although these Directors have been advised of their fiduciary duties to the Company, there exist actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.	Section 4.3(l)												
Equipment and availability	The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.	Section 4.3(n)												
<b>DIRECTORS, RELATED PARTY INTERESTS AND SUBSTANTIAL HOLDERS</b>														
Who are the Directors and key management personnel?	<ul style="list-style-type: none"> <li>a) The Directors and key management personnel are:</li> <li>b) Mr Stephen Parsons – Executive Director;</li> <li>c) Mr Evan Cranston – Non-Executive Chairman;</li> <li>d) Mr Tolga Kumova – Non-Executive Director;</li> <li>e) Mr Michael Naylor – Company Secretary and Chief Financial Officer;</li> <li>f) Mr Glen Edwards – Chief Executive Officer and Exploration Manager; and</li> <li>g) Mr Mohamed Niare – In-Country Manager.</li> </ul>	“Corporate Directory” and Sections 6.1 and 6.3												
What benefits are being paid to the Directors?	<p>Mr Parsons is employed by the Company as Executive Director pursuant to an executive services agreement which provides for an executive services fee of \$120,000 per annum plus statutory superannuation from Admission.</p> <p>Messrs Cranston and Kumova have entered into non-executive director letters of appointment with the Company pursuant to which they will receive remuneration of \$60,000 and \$48,000 per annum plus statutory superannuation respectively from Admission.</p>	Sections 6.6 and 7.4												
What interests do Directors have in the Securities of the Company?	<p>The Directors and their associates hold the following interests in Securities in the Company as at the date of this Prospectus:</p> <table> <tr> <th>DIRECTOR</th><th>SHARES</th><th>OPTIONS</th></tr> <tr> <td>Steve Parsons</td><td>5,500,001</td><td>10,000,000</td></tr> <tr> <td>Evan Cranston</td><td>-</td><td>-</td></tr> <tr> <td>Tolga Kumova</td><td>5,500,000</td><td>10,000,000</td></tr> </table>	DIRECTOR	SHARES	OPTIONS	Steve Parsons	5,500,001	10,000,000	Evan Cranston	-	-	Tolga Kumova	5,500,000	10,000,000	Section 6.5
DIRECTOR	SHARES	OPTIONS												
Steve Parsons	5,500,001	10,000,000												
Evan Cranston	-	-												
Tolga Kumova	5,500,000	10,000,000												

TOPIC	SUMMARY	MORE INFORMATION
What important contracts with related parties is the Company a party to?	<p>The Company has entered into the following related party transactions on arms' length terms:</p> <ul style="list-style-type: none"> <li>(a) a deed for the reimbursement of certain payments associated with the Acquisition and Tenements to an entity related to Director Steve Parsons;</li> <li>(b) letters of appointment or executive services agreements with each of its Directors on standard terms; and</li> <li>(c) deeds of indemnity, insurance and access with each of its Directors on standard terms.</li> </ul> <p>Post-Admission, the Company proposes to enter into a formal agreement with Blackstone Minerals Limited (of which Director Steve Parsons is a director) to lease its office space on standard commercial and arm's length terms.</p>	Sections 6.7, 7.3, 7.4 and 7.7
Who will be the substantial holders of the Company?	<p>As at the date of this Prospectus, the following Shareholders (and their associates) hold an interest in 5% or more of the Shares on issue:</p> <ul style="list-style-type: none"> <li>(a) Steve Parsons – 22.7%;</li> <li>(b) Tolga Kumova – 22.7%; and</li> <li>(c) Kingslane Pty Ltd as trustee for the Cranston Super Pension Account – 22.7%.</li> </ul> <p>Based on the information known as at the date of this Prospectus, on Admission the following persons (and their associates) will have an interest in 5% or more of the Shares on issue:</p> <ul style="list-style-type: none"> <li>(a) Steve Parsons – 10.0%;</li> <li>(b) Tolga Kumova – 10.0%;</li> <li>(c) Kingslane Pty Ltd as trustee for the Cranston Super Pension Account – 10.0%; and</li> <li>(d) Redstar Resources Limited – 7.51%.</li> </ul> <p>Messrs Parsons and Kumova are related parties of the Company by virtue of being Directors and hold their interests in Shares through associated entities. Kingslane Pty Ltd is a related party of the Company by virtue of being controlled by the parents of Director Evan Cranston.</p>	Section 8.5
<b>WHAT ARE THE OFFERS?</b>		
What are the Offers?	<p>The Public Offer is for a conditional initial public offering of 22,500,000 fully paid ordinary shares in the Company to raise \$4,500,000.</p> <p>The Shares being offered under the Public Offer will represent approximately 41% of the issued capital of the Company at Admission.</p> <p>The Advisor Offer is an offer of up to 9,750,000 unquoted Options at \$0.0001 each, exercisable at \$0.20 each and expiring 3 years from the date of grant, to advisors of the Company (or their respective nominees) in consideration for capital raising services provided in connection with the Public Offer.</p>	Sections 1.1, 1.2 and 1.6
What is the Offer Price?	The issue price of Shares under the Public Offer is \$0.20 per Share.	Section 1.1(a)



TOPIC	SUMMARY	MORE INFORMATION
What is the Minimum Subscription amount under the Public Offer?	The Public Offer is conditional on the Company raising at least \$4,500,000. If the Company fails to raise the Minimum Subscription within four months after the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).	Section 1.1(b)
Will the Shares be quoted?	<p>The Company will apply to ASX for admission to the Official List and for quotation of the Shares (expected to be under the code "AIG") within 7 days of the date of this Prospectus.</p> <p>The Company will not apply for quotation of the Options or Performance Rights on the ASX.</p>	"Corporate Directory" and Section 1.10
What is the purpose of this Prospectus?	<p>The purpose of this Prospectus is to:</p> <ul style="list-style-type: none"> <li>(a) raise \$4,500,000 pursuant to the Public Offer (before associated costs of the Offers);</li> <li>(b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List; and</li> <li>(c) position the Company to seek to achieve the objectives detailed in Section 2.</li> </ul>	Section 1.3
What are the conditions of the Offers?	<p>The Offers under this Prospectus are conditional upon the following events occurring:</p> <ul style="list-style-type: none"> <li>(a) the Company raising the Minimum Subscription, being \$4,500,000, under the Public Offer (refer to Section 1.1(b)); and</li> <li>(b) ASX granting in-principle approval to admit the Company to the Official List on conditions which the Directors are confident can be satisfied.</li> </ul> <p>If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers in accordance with the Corporations Act.</p>	Section 1.4
Are there any escrow arrangements?	<p>Yes, there are compulsory escrow arrangements under the Listing Rules of ASX.</p> <p>None of the Shares issued pursuant to the Public Offer are expected to be restricted securities.</p> <p>As at the date of this Prospectus, the Company expects that some of the existing Shares and all of the Company's Options and Performance Rights may be subject to up to 24 months' escrow.</p>	Section 1.15
What is the Offer period?	A timetable for the Offers is set out on page vii of this Prospectus.	"Indicative Timetable"
Are the Offers underwritten?	The Offers are not underwritten and the Company has not appointed a lead manager to the Public Offer on the basis that the Company, in conjunction with selected brokers, will manage the capital raising under the Public Offer.	Section 1.16
<b>ADDITIONAL INFORMATION</b>		
Will the Company be adequately funded after completion of the Offers?	The Board believes that the funds raised from the Offers will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.	Section 1.5

TOPIC	SUMMARY	MORE INFORMATION
What rights and liabilities attach to the Securities on issue?	<p>All Shares issued under the Public Offer will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 8.1.</p> <p>The terms and conditions of existing Management Options and Advisor Options to be issued are set out in Section 8.2. Prior to Admission, the Company also intends to issue Performance Rights on the terms and conditions set out in Section 8.3.</p>	Sections 8.1, 8.2 and 8.3
Who is eligible to participate in the Offers?	<p>The Public Offer is open to all investors with a registered address in Australia.</p> <p>The Advisor Offer is only open to specific advisors of the Company (or their respective nominees) upon invitation of the Company.</p> <p>No action has been taken to register or qualify the Securities, or the Offers, or otherwise to permit the offering of the Securities, in any jurisdiction outside of Australia.</p>	Sections 1.1, 1.2 and 1.14
How do I apply for Securities under the Offers?	<p>Applications for Securities under the Offers can only be made using the relevant Application Form accompanying this Prospectus and must be accompanied by a cheque in Australian dollars for the full amount of the Application. The Application Form must be completed in accordance with the instructions set out on the form.</p> <p>Applicants under the Offers wishing to pay by BPAY® should complete the relevant online Application Form accompanying the electronic version of this Prospectus which is available via a link at the African Gold website (<a href="http://www.african-gold.com">www.african-gold.com</a>) and follow the instructions on the Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).</p> <p>Applications under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500). No brokerage, stamp duty or other costs are payable by Applicants. Cheques must be made payable to "African Gold Ltd" and crossed "Not Negotiable". All Application Monies will be paid into a trust account.</p>	Sections 1.8 and 1.11
What is the allocation policy?	<p>The Directors will allocate Securities under the Offers at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.</p> <p>There is no assurance that any Applicant will be allocated any Securities, or the number of Securities for which it has applied.</p>	Section 1.12
When will I receive confirmation that my Application has been successful?	It is expected that holding statements will be sent to successful Applicants by post on or about 22 January 2019.	"Indicative Timetable"
What is the Company's dividend policy?	The Company does not expect to pay dividends in the near future as its focus will primarily be on exploration of the Tenements and future acquisitions.	Section 2.7
How can I find out more about the Prospectus or the Offers?	Questions relating to the Offers and the completion of an Application Form can be directed to the Company Secretary on +61 8 6166 9161.	Section 1.21

# 1. DETAILS OF OFFERS

## 1.1 PUBLIC OFFER

### (a) General

This Prospectus invites investors to apply for 22,500,000 Shares at an issue price of \$0.20 each to raise \$4,500,000 (before associated costs) (**Public Offer**). The Public Offer is subject to a minimum subscription of \$4,500,000 (refer to Section 1.1(b) for further details).

The Shares to be issued pursuant to the Public Offer are of the same class and will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 8.1.

Applications for Shares under the Public Offer must be made on the relevant Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares under the Public Offer should refer to Section 1.8 for further details and instructions.

### (a) Minimum Subscription

The minimum subscription under the Public Offer is \$4,500,000, being 22,500,000 Shares (**Minimum Subscription**). None of the Shares offered under the Public Offer will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

## 1.2 ADVISOR OFFER

This Prospectus includes a separate offer of up to 9,750,000 Options for \$0.0001 each, exercisable at \$0.20 each and expiring 3 years from the date of grant (**Advisor Options**) to advisors of the Company (or their respective nominees) in part consideration for capital raising services provided to the Company in connection with the Public Offer (**Advisor Offer**). None of the advisors or their nominees will be related to the Company.

The Advisor Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale of any Advisor Options (or any Shares issued upon exercise of any Advisor Options into Shares) that are issued under the Advisor Offer.

The full terms and conditions of the Advisor Options are set out in Section 8.2. If the Advisor Options are exercised, the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company. The Company does not intend for the Advisor Options to be quoted. It is anticipated that the Advisor Options will all be escrowed by ASX for a period of 24 months from the date of Official Quotation of the Company's Shares.

Only specific advisors of the Company (or their respective nominees) may accept the Advisor Offer. An Application Form will be provided to the relevant advisors by the Company together with a copy of this Prospectus.

### 1.3 PURPOSE OF PROSPECTUS

The purpose of this Prospectus is to:

- (a) raise \$4,500,000 pursuant to the Public Offer (before associated costs of the Offers);
- (b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List; and
- (c) position the Company to seek to achieve the objectives detailed in Section 2.

### 1.4 PURPOSE OF PROSPECTUS

The Offers under this Prospectus are conditional upon the following events occurring:

- (a) the Company raising the Minimum Subscription, being \$4,500,000, under the Public Offer (refer to Section 1.1(b)); and
- (b) ASX granting in-principle approval to admit the Company to the Official List on conditions which the Directors are confident can be satisfied.

If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers in accordance with the Corporations Act.

### 1.5 PROPOSED USE OF FUNDS

Following the Offers, it is anticipated that the following funds will be available to the Company:

SOURCE OF FUNDS	\$'000
Existing cash as at the date of this Prospectus	200
Proceeds from the Offers	4,500
<b>TOTAL FUNDS AVAILABLE</b>	<b>4,700</b>

The following table shows the intended use of funds in the two year period following Admission:

PROPOSED USE OF FUNDS - YEAR 1	\$'000	%
Exploration expenditure <sup>1</sup>	1,413	30.1
Directors' fees <sup>2</sup>	250	5.3
General administration fees and working capital <sup>3</sup>	598	12.7
Estimated expenses of the Offers <sup>4</sup>	547	11.6
<b>Total Expenditure - Year 1</b>	<b>2,808</b>	<b>59.7</b>
PROPOSED USE OF FUNDS - YEAR 2	\$'000	%
Exploration expenditure <sup>1</sup>	1,008	21.5
Directors' fees <sup>2</sup>	250	5.3
General administration fees and working capital <sup>3</sup>	634	13.5
<b>Total Expenditure - Year 2</b>	<b>1,892</b>	<b>40.3</b>
<b>TOTAL FUNDS ALLOCATED</b>	<b>4,700</b>	<b>100</b>

## Notes:

1. See Section 2.6 for further information on the Company's proposed exploration budget.
2. See Section 6.6 for further information on the Directors' remuneration.
3. Working capital includes the general costs associated with the management and operation of the business including administration expenses, rent and other associated costs. Any costs required for the identification of new projects and opportunistic acquisitions, as outlined below and in Section 2.5, will be deducted from funds attributed to working capital.
4. Expenses paid or payable by the Company in relation to the Offers are set out in Section 8.8.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including market conditions, exploration results, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 4), and actual expenditure levels may differ significantly from the above estimates.

The Company proposes to actively pursue further acquisitions which complement its existing focus. If and when a viable investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both.

The Board believes that the funds raised from the Offers will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

The use of further equity funding may be considered by the Board where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the Offers will provide the Company sufficient funding for only 2 years' operations. As the Company has no operating revenue, the Company will require further financing in the future. See Section 4.1(f) for further details about the risks associated with the Company's future capital requirements.

## 1.6 CAPITAL STRUCTURE

On the basis that the Company completes the Offers on the terms in this Prospectus, the Company's capital structure will be as follows:

	SHARES	%
On issue as at the date of this Prospectus <sup>1</sup>	24,200,001	44.0
To be issued under the Public Offer	22,500,000	41.0
To be issued to the Vendors <sup>2</sup>	8,250,000	15.0
<b>TOTAL SHARES</b>	<b>54,950,001</b>	<b>100.0</b>
	OPTIONS	%
On issue as at the date of this Prospectus <sup>3</sup>	35,000,000	78.2
To be issued under the Advisor Offer <sup>4</sup>	9,750,000	21.8
<b>TOTAL OPTIONS</b>	<b>44,750,000</b>	<b>100.0</b>
	PERFORMANCE RIGHTS	%
On issue as at the date of this Prospectus	0	0
To be issued to an employee <sup>5</sup>	2,000,000	100.0
<b>TOTAL PERFORMANCE RIGHTS</b>	<b>2,000,000</b>	<b>100.0</b>

## 1.7 FORECASTS

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Sections 2.1 and 2.5 for further information in respect to the Company's proposed activities.

## 1.8 APPLICATIONS

### (a) General

Applications for Securities under the Offers can only be made using the relevant Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the form.

Applications under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500). Payments must be made in Australian dollars. No brokerage, stamp duty or other costs are payable by Applicants. All Application Monies will be paid into a trust account.

An original, completed and lodged Application Form together with payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final; however, an Applicant will not be treated as having applied for more Securities than is indicated by the amount of the Application Monies provided.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

The return of a completed Application Form with any requisite Application Monies will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (i) agrees to be bound by the terms of the relevant Offer;
- (ii) declares that all details and statements in the Application Form are complete and accurate;
- (iii) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (iv) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Shares to be issued to them, including to act on instructions of the Company's Registry upon using the contact details set out in the Application Form;
- (v) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
- (vi) acknowledges that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.

The Offers may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offers or accept late Applications.

#### **(a) Payments by cheque**

If you wish to make payment by cheque, the cheque must be made payable to “African Gold Ltd” and crossed “Not Negotiable” and, together with the completed Application Form, mailed or delivered to the address indicated on the Application Form by the Closing Date.

#### **(b) Payments by BPAY®**

Applicants under the Offers wishing to pay by BPAY® should complete the relevant online Application Form accompanying the electronic version of this Prospectus which is available via a link at the African Gold website ([www.african-gold.com](http://www.african-gold.com)) and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (**CRN**)).

You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions. When completing the BPAY® payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN, your application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5:00pm (WST) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive Application Monies by BPAY® before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

### **1.9 CHESS AND ISSUER SPONSORSHIP**

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of Shares.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

### **1.10 ASX LISTING AND OFFICIAL QUOTATION**

Within 7 days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities). The Company does not intend to apply for quotation of any of the Options or Performance Rights on the ASX.

If ASX does not grant permission for Official Quotation within three months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Securities offered under the Offers will be allotted and issued.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Securities offered pursuant to this Prospectus.

### **1.11 APPLICATION MONIES TO BE HELD IN TRUST**

Application Monies will be held in trust for Applicants until the allotment of the Securities under the Offers. Any interest that accrues will be retained by the Company.

If no allotment and issue of Securities is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable or the Company will issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).



## 1.12 ALLOCATION AND ISSUE OF SECURITIES

The Directors will allocate Securities under the Offers at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.

There is no assurance that any Applicant will be allocated any Securities, or the number of Securities for which it has applied. The Company reserves the right to reject any Application or to issue a lesser number of Securities than those applied for. Where the number of Securities issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

No allotment of Securities under this Prospectus will occur unless:

- (a) the Minimum Subscription is achieved (refer to Section 1.1(b)); and
- (b) the conditions to the Offers are satisfied, including ASX granting conditional approval for the Company to be admitted to the Official List (refer to Sections 1.4 and 1.10).

Subject to the above matters, Securities under the Offers are expected to be allotted on the Allotment Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Securities issued under the Offers. Applicants who sell Securities before they receive their holding statements do so at their own risk.

## 1.13 RISKS

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 4 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

## 1.14 OVERSEAS APPLICANTS

No action has been taken to register or qualify the Securities, or the Offers, or otherwise to permit the offering of the Securities, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside of Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

## 1.15 ESCROW ARRANGEMENTS

ASX will classify certain existing Securities on issue in the Company (as opposed to the Shares to be issued under this Prospectus) as being subject to the restricted securities provisions of the Listing Rules. Classified Securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Securities are prohibited from being transferred, trading in Securities may be less liquid which may impact on the ability of a Security holder to dispose of their Securities in a timely manner.

None of the Shares issued pursuant to the Public Offer are expected to be restricted securities.

The Company anticipates that upon Admission approximately 30,475,001 Shares will be classified as restricted securities by ASX, which comprises approximately 55% of the issued share capital on an undiluted basis, and approximately 30% on a fully diluted basis (assuming all Options and Performance Rights are issued and exercised and that no other Securities are issued).

The Company also anticipates that all of the existing Management Options, as well as the Advisor Options and Performance Rights to be granted, may be classified as restricted securities by ASX and escrowed for up to 24 months from the date of Official Quotation.

Prior to the Company's Shares being admitted to quotation on the ASX, the Company will enter into escrow agreements with the recipients of any restricted Securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.



## 1.16 UNDERWRITING AND LEAD MANAGER 1.20 PAPER COPIES OF PROSPECTUS

The Offers are not underwritten and the Company has not appointed a lead manager to the Public Offer on the basis that the Company, in conjunction with selected brokers, will manage the capital raising under the Public Offer. The Company intends to issue the Advisor Options to selected brokers who assist with the Public Offer and has reserved the right to pay a commission to Australian financial service licensees as set out in Section 1.17.

### 1.17 COMMISSION

The Company reserves the right to pay a commission of up to 5% (exclusive of GST) of amounts subscribed through any Australian financial services licensee in respect of any Applications lodged and accepted by the Company and bearing the stamp of the Australian financial services licensee. Payment will be made subject to the receipt of a proper tax invoice from the Australian financial services licensee.

### 1.18 WITHDRAWAL

The Directors may at any time decide to withdraw this Prospectus and the Offers in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of their withdrawal.

### 1.19 PRIVACY DISCLOSURE

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Registry. The Company and the Registry collect, hold and use that personal information to assess Applications for Securities, to provide facilities and services to Security holders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the relevant Application Form to investors upon request and free of charge. Requests for paper copies should be directed to the Company Secretary on +61 8 6166 9161.

### 1.21 ENQUIRIES

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offers and the completion of an Application Form can be directed to the Company Secretary on +61 8 6166 9161.

# 2. COMPANY OVERVIEW

## 2.1 COMPANY AND BUSINESS OVERVIEW

The Company was incorporated on 1 February 2018 in the State of Western Australia for the purpose of pursuing various investment opportunities in the resources sector designed to add shareholder value by acquiring, exploring, evaluating and exploiting mineral resource project opportunities in Africa and, other than as disclosed in this Prospectus, has not undertaken any activities since incorporation.

On 23 March 2018 the Company entered into a conditional agreement (Acquisition Agreement) with Redstar Resources Limited, Mr Mohamed Niare and Berringer Limited (Vendors) to acquire 100% legal and beneficial ownership of Golden Ivoire SARL, a private société à responsabilité limitée entity incorporated in Côte d'Ivoire, which has an interest in 2 granted mining exploration licences and 2 applications for mining exploration licences (Tenements) in Côte d'Ivoire.

In consideration of the acquisition of Golden Ivoire SARL, the Company has agreed to:

- (a) issue a total of 8,250,000 Consideration Shares to the Vendors (at a deemed issue price of \$0.20 per Share); and
- (b) pay \$30,000 and up to an additional \$50,000 in cash to the Vendors as reimbursement for development expenditure.

The Vendors are not related parties of the Company, however Mr Mohamed Niare will be appointed as In-Country Manager for the Company post-Acquisition. See Section 7.2 for further information on the Acquisition Agreement.

Since incorporation, the Company has issued approximately 20 million Shares to management and promoters at \$0.005 each to raise approximately \$100,000 (before costs) and a further 3.95 million Shares to investors at an issue price of \$0.10 each to raise approximately \$395,000 (before costs) over two tranches to further capitalise the Company and facilitate the proposed listing on ASX.

The Company has also issued a total of 35 million Management Options to Directors and key management personnel (or their nominees) at nominal issue prices and intends to issue a total of 2 million incentive Performance Rights to the Chief Executive Officer and Exploration Manager.

The Company's Board is currently comprised of Messrs Steve Parsons (Executive Director), Evan Cranston (Non-Executive Chairman) and Tolga Kumova (Non-Executive Director). The Company Secretary and Chief Financial Officer is Mr Michael Naylor, who was a Non-Executive Director of the Company upon incorporation but stepped down from that role when Mr Cranston was appointed in March 2018. Mr Glen Edwards is the Chief Executive Officer and Exploration Manager of the Company. Further information on the Board and management is set out in Section 6.

## 2.2 CURRENT CAPITAL STRUCTURE OF THE COMPANY

As at the date of this Prospectus, the capital structure of the Company, and particulars of its current Security holders (and their associates), are as follows:

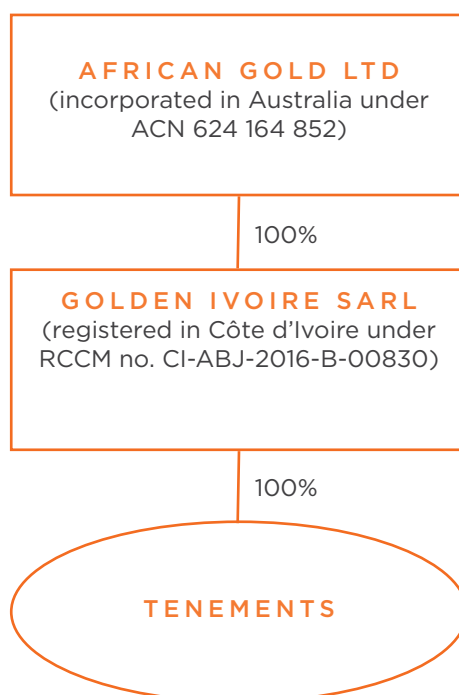
SECURITY HOLDER	SHARES <sup>1</sup>	%	OPTIONS <sup>2</sup>
Steve Parsons <sup>3</sup>	5,500,001	22.7	10,000,000
Tolga Kumova <sup>4</sup>	5,500,000	22.7	10,000,000
Kingslane Pty Ltd as trustee for the Cranston Super Pension Account <sup>5</sup>	5,500,000	22.7	10,000,000
Non-related party Security holders	7,700,000	31.8	5,000,000
<b>TOTAL</b>	<b>24,200,001</b>	<b>100.0</b>	<b>35,000,000</b>

### Notes:

- Refer to Section 8.1 for a summary of the rights attaching to the Shares.
- Comprised of 35,000,000 Management Options with an exercise price of \$0.20 each and an expiry date of 17 April 2023, otherwise granted on the terms and conditions set out in Section 8.2.
- Mr Parsons is a Director of the Company and hold his interests in the Securities indirectly through associated entity, Symorgh Investments Pty Ltd as trustee for the Symorgh Account. Mr Parsons is also the founding Shareholder as the indirect holder of the 1 Share issued for \$0.005 upon incorporation.
- Mr Kumova is a Director of the Company and hold his interests in the Securities indirectly through associated entity, Kitara Investments as trustee for the Kumova Family Account.
- Kingslane Pty Ltd is a related party of the Company by virtue of being controlled by the parents of Director Evan Cranston, however Mr Cranston is not an associate of Kingslane Pty Ltd as his parents make their own independent investment decisions and he has no control over this.

## 2.3 CORPORATE STRUCTURE

Upon the Company's admission to the Official List, its corporate structure will be as set out in the following diagram:



## 2.4 OVERVIEW OF THE TENEMENTS

A comprehensive summary of regional and local geology, and historical exploration pertaining to the Tenements is contained in the Independent Geologist's Report in Annexure C. A comprehensive summary of the status of the Tenements can be found in the Solicitor's Report in Annexure B.

Following completion of the Acquisition Agreement, the Tenements will be 100% owned by the Company, through its wholly-owned subsidiary Golden Ivoire SARL. Details of the Tenements, which are granted or applied for with respect to gold only are set out below:

TENEMENT NAME	PERMIT TYPE AND NUMBER	AREA (KM <sup>2</sup> )	STATUS	GRANT DATE	EXPIRY DATE	PERMIT HOLDER
Agboville	Permis de recherche (Or) – no. 648	395	Granted	25/10/17	24/10/21	Golden Ivoire SARL
Agboville et Sikensi	Permis de recherche (Or) – no. 649	397	Granted	19/10/16	18/10/20	Golden Ivoire SARL
Azaguie-Anyama	Permis de recherche (Or)	214	Application <sup>1</sup>	Not yet granted		Golden Ivoire SARL
Agboville et Gomon	Permis de recherche (Or)	397	Application <sup>2</sup>	Not yet granted		Golden Ivoire SARL

### Notes:

1. Application lodged in July 2017. Golden Ivoire SARL is currently waiting for the decree granting the permit in its name.
2. Application lodged in April 2018. Golden Ivoire SARL is currently waiting for the decree granting the permit in its name.

The Company is in the process of acquiring the above package of Tenements that are primarily prospective for gold, and also prospective for nickel, cobalt, copper, lithium, tantalum +/- niobium and beryllium. The Company notes that the Tenements (both granted and applied for) are in respect of gold only (as under the decree which implements the Mining Code an exploration permit must specify the type of mineral it would like to explore, as further explained in Section 3.3(c)). Whilst the Tenements are also prospective for other minerals, the Company intends to target the gold anomalies identified in accordance with the permits.

Please refer to Section 2.5 for further information regarding the Company's business strategy.

The Tenements are located in Côte d'Ivoire, as shown in Figure 1 below. The Tenements are all 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. While located in an area that has had little previous exploration or mining of gold, the Tenements are however within 150 kilometres of Taurus Gold's Afema Project and approximately 110 kilometres from Endeavour Mining's Agbaou Project.

**Figure 1: Location plan of the Tenements**



No drilling has been conducted on the Tenements to date, however rock chip samples have been collected and soil sampling has been undertaken as described below and in the Independent Geologist's Report in Annexure C.

Regional maps were produced by the Ministère des Mines et de l'Énergie – Direction de la Géologie in 1992 which have been the foundation of all subsequent geological work to date. Mapped mineral occurrences of Côte d'Ivoire compiled by SODEMI (the Côte d'Ivoire Mineral Department) and updated in 1996 record columbite, tantalite, monazite, copper, nickel, cobalt, manganese and chromite within the Tenements, and lithium and beryllium to the immediate north of the Agboville Tenement boundary.

Although there were no gold occurrences reported within the Tenements by the SODEMI project undertaken in 1996, historical soil sampling by Golden Star Resources Ltd recorded significant gold values of up to 4,110 ppb gold over a strike length of over 10 kilometres in the north eastern portion of the Agboville Tenement. The anomalous soil values formed a large and very robust gold anomaly. The trend of the soil anomalism parallels a number of mapped structures corresponding to the regional geological and structural trend in the Tenement and surrounding area. In addition to this there are a number of anomalies defined during the regional stream sediment and laterite sampling programs that have yet to be followed up. A number of targets have been identified within this soil data and are ready for drill testing.

In 2016, Sahara Mining Services was engaged by Golden Ivoire SARL and undertook a reconnaissance inspection of the permit and proposed some follow-up work. In December 2017, Golden Ivoire SARL commenced field work with a reconnaissance mapping exercise. It had been suggested that the gold in soil anomaly may be in part transported and not a reliable indicator of bedrock gold. However, field investigations during this mapping work show the soil profile to be both transported and in-situ, and it is expected that there may indeed be a component of transported material but it is localized.

Mineralisation styles within the Tenements are shear hosted gold mineralisation; layered mafic-ultramafic intrusion hosted nickel, copper, cobalt mineralisation; lateritic nickel – cobalt mineralisation; and lithium, columbite and tantalite (LCT) pegmatites, potentially hosting lithium, tantalum, niobium and beryllium mineralisation.

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, suggesting that the gold mineralisation is associated with shear zones parallel to the regional structural trend.

In the centre of the area covered by the Tenements outcrops a layered mafic- ultramafic intrusion approximately 9 x 4 kilometres in dimensions, elongate, like the granitoid intrusions in the area, in a north east to south west direction. Three other smaller intrusions are mapped to the north west, two of which in part lie within the Project tenements. A number of mineral occurrences are associated with these intrusions and are reported as copper-nickel, chrome-copper-nickel, nickel-cobalt, PGE-nickel-chrome and manganese-cobalt.

In addition, LCT or LCT-bearing pegmatites are present in and around the granite intrusions surrounding the town of Agboville, just north of the Tenements, and further east centred on the Adzope area. A number of lithium, beryllium, columbite and tantalite occurrences are mapped spatially associated with several granitoids within and just to the north of the Tenements suggesting that prospective pegmatites are likely to be present within the Tenements.



## 2.5 BUSINESS STRATEGY/OBJECTIVES OF THE COMPANY

The objectives of the Company are to:

- (a) undertake dualistic multi-disciplinary exploration on each of the granted Tenements to evaluate the existing gold anomalies and generate new exploration targets. The proposed phased program includes semi regional scale geological and regolith mapping, rock chip sampling, soil sampling infill, trenching and pitting and drilling, and is contingent on positive results from earlier phases; and
- (b) pursue new projects and opportunistic acquisitions in the resource sector in various jurisdictions to create additional Shareholder value. If and when a viable investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture, and/or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both. The Board will assess the suitability of investment opportunities by utilising its experience in evaluating projects. There are uncertainties in the process of identifying and acquiring new and suitable projects.

The Company notes that the Tenements (both granted and applied for) are in respect of gold only (as under the decree which implements the Mining Code an exploration permit must specify the type of mineral it would like to explore, as further explained in Section 3.3(c)). Whilst the Tenements are also prospective for nickel, cobalt, copper, lithium, tantalum +/- niobium and beryllium, the Company intends to target the gold anomalies identified in accordance with the permits. In the event that the Company's planned exploration program reveals the existence of other non-gold minerals in significant quantities, the Company will make an assessment at that time regarding the viability of further works and any separate permits that may be required in respect of such mineral(s). There is no guarantee that the Company will be able to secure the rights in respect of such non-gold minerals or to obtain any applicable permit for such mineral(s). As set in the Solicitor's Report in Annexure B, no third parties have any right to apply for a mining permit in connection with any mineral discovered within the permit of the Tenements.



## 2.6 PROPOSED EXPLORATION BUDGETS

The Company proposes to fund its intended activities as outlined in the table below from the proceeds of the Offer. It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration undertaken. This will involve an ongoing assessment of the Company's project interests and may lead to increased or decreased levels of expenditure on certain interests, reflecting a change in emphasis.

The Company notes that while the Azaguie-Anyama and Agboville et Gomon Tenements have not yet been granted, the Company has no reason to believe that the applications will not be granted. However, the applications have currently been excluded from the proposed exploration program and budget. If and when the Azaguie-Anyama and Agboville et Gomon Tenements are granted, the below budgets may be subject to modification and the Company may consider raising further capital to fund exploration on those Tenements.

Subject to the above, the following budgets are proposed which take into account the proposed expenses over the next 2 years to complete initial exploration of the Tenements in respect of gold only. As budgeted below, the Company's exploration expenditure will exceed the expenditure requirements for each of the Tenements (see Annexure B for further details):

EXPENDITURE	YEAR 1 (\$)	YEAR 2 (\$)	TOTAL (\$)
<b>Agboville</b>			
Soil Sampling	49,000	-	<b>49,000</b>
Trenching/Pitting	19,000	-	<b>19,000</b>
Rock Chip Sampling	1,000	1,000	<b>2,000</b>
RAB/AC Drilling	322,000	215,000	<b>537,000</b>
RC Drilling	197,000	296,000	<b>493,000</b>
Mapping	5,000	5,000	<b>10,000</b>
Magnetics	63,000	-	<b>63,000</b>
Induced polarization	11,000	11,000	<b>22,000</b>
Petrology	1,000	1,000	<b>2,000</b>
Capex	32,000	-	<b>32,000</b>
Admin & Salaries	169,000	169,000	<b>338,000</b>
<b>Sub-total for Agboville</b>	<b>871,000</b>	<b>698,000</b>	<b>1,569,000</b>
<b>Agboville et Sikensi</b>			
Soil Sampling	114,000	-	<b>114,000</b>
Trenching/Pitting	19,000	-	<b>19,000</b>
Rock Chip Sampling	1,000	1,000	<b>2,000</b>
RAB / AC Drilling	138,000	92,000	<b>230,000</b>
RC Drilling	85,000	127,000	<b>212,000</b>
Mapping	5,000	5,000	<b>10,000</b>
Magnetics	63,000	-	<b>63,000</b>
Induced polarization	11,000	11,000	<b>22,000</b>
Petrology	1,000	1,000	<b>2,000</b>
Capex	32,000	-	<b>32,000</b>
Admin & Salaries	73,000	73,000	<b>146,000</b>
<b>Sub-total for Agboville et Sikensi</b>	<b>542,000</b>	<b>310,000</b>	<b>852,000</b>
<b>TOTAL</b>	<b>1,413,000</b>	<b>1,008,000</b>	<b>2,421,000</b>

Figures in the above table are estimates only and are subject to rounding.

## 2.7 DIVIDEND POLICY

The Company does not expect to pay dividends in the near future as its focus will primarily be on exploration of the Tenements and future acquisitions. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

# 3.

## OVERVIEW OF CÔTE D'IVOIRE

### 3.1 COUNTRY INFORMATION

The Republic of Côte d'Ivoire is located in West Africa, bordered by Guinea and Liberia in the west, Ghana in the east, Burkina Faso and Mali in the north and the Atlantic Ocean in the south. It covers an area of 322,462km<sup>2</sup> which is a slightly smaller land mass than Germany. Its estimated population is 24.1 million as of 2017.

Côte d'Ivoire has a tropical climate along the coast and a semi-arid climate in the north of the country. It is a hot country with a dry season from November to May and a wet season from June to October. The terrain is mostly flat to undulating plains with a mean elevation of 250m. The highest point is Mont Nimba with an elevation of 1,752m in the northwest of the country. The official language is French. There are also over sixty indigenous languages spoken, the most widespread being Dioula.

Agriculture is the main industry in Côte d'Ivoire. It is the world's largest exporter of cocoa and a significant exporter of coffee and palm oil. Mining only contributed to 1% of its gross domestic product as of 2013. Gold production has increased from 1.2 tonnes in 2007 to 25 tonnes in 2017.

Côte d'Ivoire has a corporate tax rate of 25%. The Côte d'Ivoire government offers a tax holiday of 5 years from first gold production to mining companies. In addition, the government provides an exoneration during the entire mining phase of the following taxes; land inheritance tax, water tax from aquifers, timber royalty tax, patent tax on materials which were extracted and sold, and special equipment tax. The 2014 Mining Act includes a sliding scale royalty on gold sales to the government which is dependent on the gold price. The rates are as follows: 3% to US\$1,000; 3.5% to US\$1,300; 4% to US\$1,500; 5% to US\$2,000; and 6% when over US\$2,000.

Côte d'Ivoire has only experienced modern exploration in recent years and is considered a much younger mining jurisdiction compared to its neighbours, Burkina Faso, Mali and Ghana. Political unrest which followed the 2010 election, a slow regulatory process, and a historically agricultural-based economy contributed to a lack of interest in developing the gold mining industry in the recent past.

Political and economic stability has been restored by the elected president, and amendments to the Minerals regulatory system were made, resulting in the new 2014 modern Mining Code. Côte d'Ivoire has good infrastructure (roads, power, etc.) and a better educated workforce than most West African countries. In recent times the country has seen a steady influx of foreign investment in the gold mining industry. For these reasons, Côte d'Ivoire is now a highly favourable destination for gold exploration, and the Company considers it an opportune time to explore in Côte d'Ivoire.

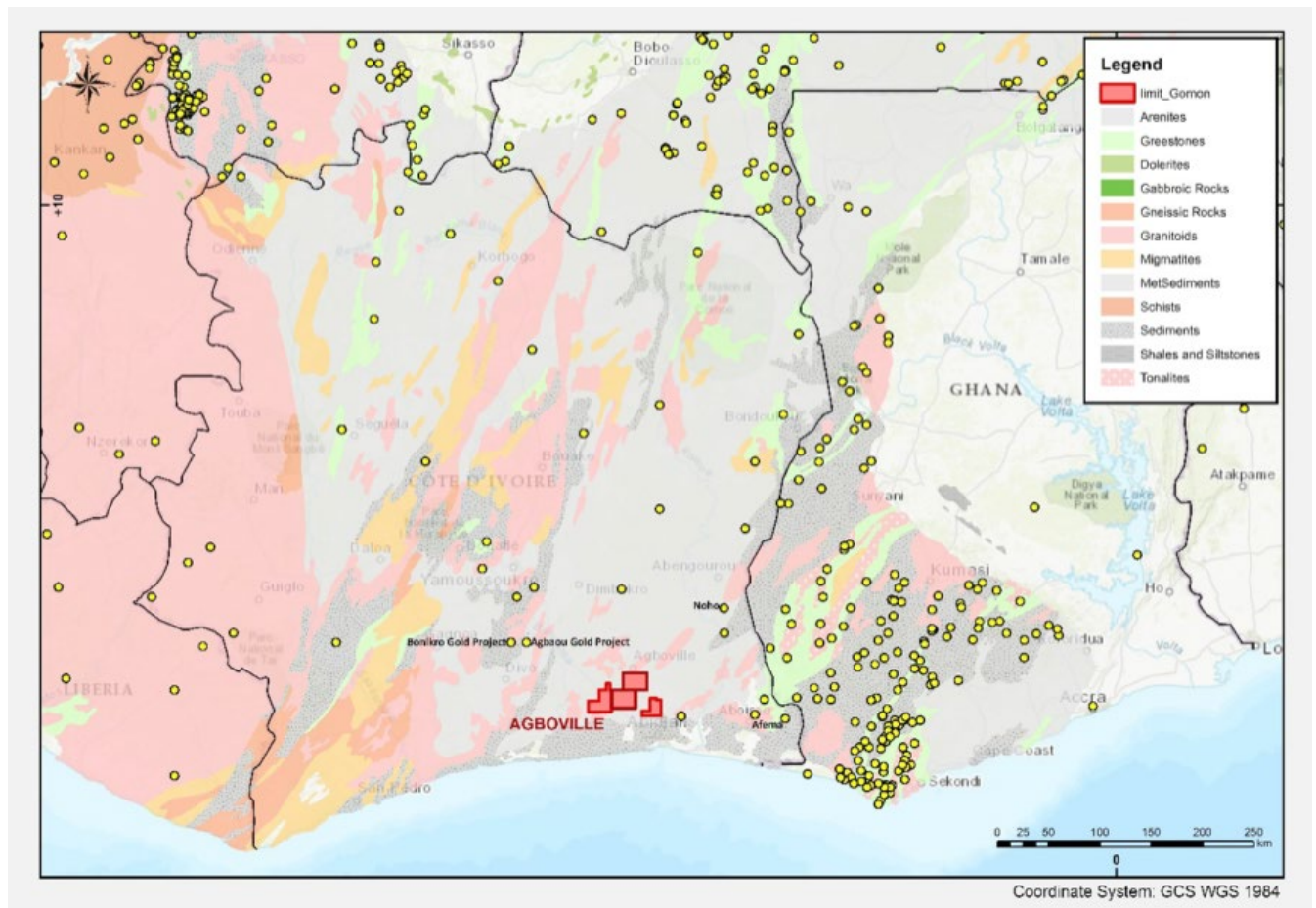
### 3.2 REGIONAL GEOLOGY

The Tenements are located in the south east of the West African Craton in an area referred to as the South-Comoe domain (Vidal, 2009), part of what is referred to as the Birimian. The geology of the South-Comoe domain is dominated by Paleoproterozoic greenstone belts and metasedimentary basins. The bedrock of this part of the West African Craton in Côte d'Ivoire consist of three dominant types:

- (a) early tonalite-trondjemite-granodiorite intrusions and tholeiitic greenstone complexes (~2,200 to 2,150 million years ago);
- (b) low metamorphic grade volcano-sedimentary series made of clastic sediments intercalated with calc-alkaline volcanic levels (~2,150 million years ago); and
- (c) leucogranite intrusions (~2,100 million years ago).



Figure 2: Regional geology



Please refer to the Independent Geologist's Report at Annexure C for further geological details.

### 3.3 SUMMARY OF LAWS RELEVANT TO EXPLORATION

#### (a) Mining laws

The main laws relevant to exploration in Côte d'Ivoire are:

- (i) Law No. 2014-138 of 24 March 2014 (**Mining Code**);
- (ii) Decree No. 2014-397 of 25 June 2014, which implements the Mining Code (**Decree**); and
- (iii) Ordinance 2014-148 of 26 March 2014, which relates to fees, royalties and mining taxes.

**(b) Granting of an exploration permit**

An exploration permit is granted by decree of the President of the Republic of Côte d'Ivoire to any individual or entity under Ivorian law. The individual or entity has to submit an application in compliance with the Mining Code and the other subsequent texts.

**(c) Rights allocated to the holder of an exploration permit**

An exploration permit allows its holder to undertake, within its mining perimeter, to explore the mineral designated in the decree granting the said exploration permit. The exploration permit is a movable, indivisible, non-assignable right which cannot be pledged or mortgaged.

The permit holder is entitled to the free disposal of the products discovered during the exploration activities, provided that such exploration activities do not have the character of exploitation work.

The permit holder is entitled to apply for an exploitation permit. This exclusive right may be exercised at any time within the validity period of the exploration permit and within a period of ninety (90) days, at the latest, after the expiry of the exploration permit. Beyond this period, the mining perimeter falls into the public domain of the State.

**(d) Term and renewal**

An exploration permit is valid for a period of four (4) years from the date of its issuance and is renewable twice for periods of three (3) years each.

An exploration permit is renewable subject to the permit holder's:

- (i) performance of its works commitments and expenditures in accordance with the mining laws; and
- (ii) compliance with its tax obligations and the payment of royalties.

An exceptional renewal may be granted for a period not exceeding two (2) years at the request of the permit holder provided that this request is justified by the necessity to finalize the feasibility survey.

In principle the mining perimeter is reduced by one quarter at each renewal. However, the permit holder has the option to keep the full mining perimeter to the extent that it is able to justify that the full perimeter is required for the exploration activities and subject to payment of an option fee.

**(e) Features**

The perimeter covered by the exploration permit is a polygon. The minimum length of each segment of the polygon is one (1) km. Exploration permits cover an area of between 1 and 400 square kilometre(s).

**(f) Relationship with the landowners**

The occupation of the lands required to undertake the exploration activities gives right to a fair compensation for the benefit of the landowner (or customary occupant). This amount of the compensation is agreed between the permit holder and the landowner based on a calculation method provided by the mining laws. If the permit holder and the landowner disagree with the amount of the compensation, a fair value is determined under the supervision of the mining administration.

**(g) Safety, hygiene and measures to be taken in the event of an accident**

The permit holder is required to perform its exploration activities according to the rules in the purpose to ensure the safety of people and property within its mining perimeter. The permit holder is also required to take all necessary measures to prevent any accident. In this regard, the permit holder shall set up a procedure to ensure maximum security during the exploration activities.

**(h) Protection of the environment**

The exploration activities shall be undertaken in such a way as to ensure:

- (i) the protection of the quality of the environment;
- (ii) the rehabilitation of the exploited sites; and
- (iii) the conservation of the forest ecosystems in accordance with the terms and conditions established by the mining laws.

**(i) Withdrawal of an exploration permit**

An exploration permit can be subject to withdrawal without compensation in the event that the permit holder does not comply with the mining laws. A breach of the mining laws includes, inter alia, the permit holder:

- (i) employing children;
- (ii) delaying or suspending its exploration activities without valid reason for more than six (6) months;
- (iii) not paying relevant duties and taxes;
- (iv) undertaking production/exploitation activities within the perimeter of the exploration permit;
- (v) not complying with the rules relating to the protection of the environment; and
- (vi) violating public health and work safety regulations.

The information set out in this Section is only a high level summary of relevant laws. It is not purported to be a comprehensive review of all laws affecting the Company's proposed activities in Côte d'Ivoire. Please refer to the Solicitor's Report at Annexure B for further details specific to the Tenements.

# 4.

## RISK FACTORS

As with any investment in securities, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the potential risk factors to which the Company and its Security holders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Securities. Any investment in the Company under this Prospectus should be considered highly speculative.

### 4.1 RISKS SPECIFIC TO THE COMPANY

**(a) Limited history**

The Company was incorporated on 1 February 2018 and therefore has limited operational and financial history on which to evaluate its business and prospects. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or mining development of, the Tenements. Until the Company is able to realise value from the Tenements, it is likely to incur operational losses.

**(b) Conditionality of Offers**

The obligation of the Company to issue the Securities under the Offers is conditional on certain matters, as set out in Section 1.4. If the conditions are not satisfied, the Company will not proceed with the Offers. Failure to complete the Offers may have a material adverse effect on the Company's financial position.

**(c) Contractual risk**

Pursuant to the Acquisition Agreement (summarised at Section 7.2) the Company has agreed to acquire 100% legal and beneficial ownership of Golden Ivoire SARL from the Vendors subject to the fulfilment of certain conditions precedent. If any of these conditions precedent are not met, completion of the acquisition of Golden Ivoire SARL may be deferred or not occur. The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

**(d) Potential for dilution**

On completion of the Offers, the number of Shares in the Company will increase from 24,200,001 to 54,950,001, assuming the Minimum Subscription is met. This means the number of Shares on issue will increase by approximately 227% on completion of the Offers. On this basis, existing Shareholders should note that if they do not participate in the Offers (and even if they do), their holdings may be considerably diluted (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

**(e) New projects and acquisitions**

The Company will actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

**(f) Future capital requirements**

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Tenements are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Offers should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Prospectus.

In order to successfully develop the Tenements and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Offers. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the Tenements being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

**(g) Restricted securities reducing liquidity**

Subject to the Company being admitted to the Official List, as detailed in Section 1.15, certain Securities on issue prior to the Offers and the Advisor Options will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner. The Company will announce to the ASX full details (including quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

## 4.2 RISKS SPECIFIC TO DOING BUSINESS IN CÔTE D'IVOIRE

### (a) Government regulation and political risk in the mining industry

Golden Ivoire SARL is incorporated in Côte d'Ivoire and the Tenements are located in Côte d'Ivoire. Golden Ivoire SARL's operating activities are subject to Ivorian laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability. Section 3.3 and the Solicitor's Report at Annexure B describes the Ivorian law on mining that applies to the Tenements.

### (b) Risks associated with operating in West Africa

The Tenements lie within the West African country of Côte d'Ivoire and the Company will be subject to the risks associated with operating there. Such risks can include economic, social or political instability or change, disease outbreak, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.

In addition, changes to exploration, mining or investment policies and legislation or a shift in political attitude in the jurisdictions in which the Company operates may adversely affect the Company's proposed operations and profitability. The Company may also be required by local authorities to invest in social projects for the benefit of the local community. Additional social expenditures in the future may have a negative impact on the Company's profitability.

### (c) Legal system

The legal system of Côte d'Ivoire is less developed than those in more established countries and this could result in the following risks:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- (ii) a higher degree of discretion held by various government officials or agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and courts in matters affecting the Company.

The commitment from local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that the Company will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of such arrangements cannot be assured.



**(d) Enforcing liabilities against assets outside of Australia may be difficult**

The majority of the Company's assets are located outside Australia. As a result, it may be difficult to enforce judgments obtained in Australian courts against those assets. In addition, there is uncertainty as to whether the courts of Côte d'Ivoire or any other jurisdictions in which the Company operates would recognise or enforce judgments of Australian courts obtained against the Company based on provisions of the laws of Australia. Furthermore, because the majority of the Company's assets are or will be located outside Australia, it may also be difficult to access those assets to satisfy an award entered against the Company in Australia. As a result of all of the above, Shareholders may have more difficulty in protecting their interests in the face of actions taken by management, the Board or controlling Shareholders than they would as shareholders of a company with assets in Australia.

### **4.3 MINING INDUSTRY RISKS**

**(a) Title risk**

The exploration licences in which the Company has now, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. The ownership of mineral exploration licences in Côte d'Ivoire is governed primarily by the Mining Code. A summary of the relevant legal regime is set out in Section 3.3. Although the Company has taken steps to verify the title to the resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or other stakeholder rights.

Golden Ivoire SARL has lodged applications for two mineral exploration licences (Azaguie-Anyama and Agboville et Gomon). These Tenements must be granted before Golden Ivoire SARL may acquire 100% legal and beneficial interest in those Tenements. There is a risk that these applications may not be granted in their entirety or only granted on conditions unacceptable to the Company. In the event the applications are not granted (or are only granted on unacceptable terms) the Company intends to continue to focus on the granted Tenements and continue to pursue complementary assets.

Pursuant to Article 8 of the Decree implementing the Mining Code, approval of the Minister of Mines must be sought for the change of control of a company which holds exploration permits. Such approval is expected to be obtained post-Admission. However, as noted in the Solicitor's Report at Annexure B, the Company does not foresee any reason why Ministerial consent applicable to all Ivorian mining companies in the event of a change of control would not be granted to Golden Ivoire SARL. In all cases, in the event that the Ministerial consent is not obtained, the Company shall continue to have its contractual rights and an equitable lien under the Acquisition Agreement to access, explore, prospect, sample, drill, mine and do such other acts permitted under the granted Tenements.

All of the tenements in which the Company has an interest will be subject to application for licences renewal from time to time. Renewal of the term of each licence is subject to applicable legislation. There is no guarantee that any licences, applications or conversions in which the Company has a current or potential interest will be granted. If the licence is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that licence.

**(b) Exploration and development risks**

Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of acquired projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of its projects.

**(c) Operating risk**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Unless and until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

**(d) Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

**(e) Payment obligations**

The rights to mining exploration licences carry with them various obligations which the holder is required to comply with in order to ensure the continued good standing of the licence and, specifically, obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area and result in government action to forfeit a licence or licences.

There is no guarantee that current or future exploration applications or existing licence renewals will be granted, that they will be granted without undue delay, or that the Company can economically comply with any conditions imposed on any granted exploration permits.

**(f) Commodity and foreign exchange risks**

The Company's ability to proceed with the development of its mineral projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. It is anticipated that any revenues derived from mining will primarily be derived from the sale of gold, other base and precious metals, and industrial metals. Consequently, any future earnings are likely to be closely related to the price of these commodity and the terms of any off-take agreements that the Company enters into.

The world market for minerals is subject to many variables and may fluctuate markedly. These variables include world demand for gold, copper, other base and precious metals and industrial metals that may be mined commercially in the future from the Company's project areas, forward selling by producers and production cost levels in major mineral-producing regions. Minerals prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Metals are principally sold throughout the world in United States (**US**) dollars. The Company's cost base are payable in various currencies including Australian dollars, West African CFA Francs (**XOF**) and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar, the XOF and the US dollar could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.



**(g) Competition risk**

The industry in which the Company is involved is subject to domestic and global competition, including major mineral exploration and production companies. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Some of the Company's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

**(h) Land access risk**

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective mining licences is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential.

Access to land for exploration purposes can be affected by small non-mechanised mining operations or land ownership, including registered and unregistered land interests and regulatory requirements within the jurisdiction where the Company operates.

**(i) Environmental risk**

The Group is subject to a number of laws and regulations to minimise the environmental impact of any operations as well as rehabilitation of any areas affected by the Group's operations. These laws can be costly to operate under and can change further adversely affecting the Company. No assurance can be given that current or future requirements under environmental laws will not result in the cessation of exploration or production activities, the curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects. Penalties for failure to adhere to the laws or in the event of environmental damage the penalties and remediation costs can be substantive.

The Company may require approval from relevant authorities before it can undertake activities that may impact the environment. Failure to obtain such approvals may prevent the Company from achieving its business objectives. The Company intends to conduct itself, and manage any joint ventures so that their activities are conducted in an environmentally responsible manner and in accordance with all applicable laws. Despite this, the Company may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

**(j) Licences, permits and approvals**

Through Golden Ivoire SARL, the Company will hold all material authorisations required to undertake the exploration program described in this Prospectus. However, the mineral rights and interests to be held by the Company are subject to the need for ongoing or new government approvals, licences and permits. These requirements, including work permits and environmental approvals, will change as the Company's operations develop. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the Company's operations.

As set out in Section 2.5, the Tenements (both granted and applied for) are in respect of gold only (as under the decree which implements the Mining Code an exploration permit must specify the type of mineral it would like to explore). In the event that the Company's planned exploration program reveals the existence of other non-gold minerals in significant quantities, the Company will make an assessment at that time regarding the viability of further works and any separate permits that may be required in respect of such mineral(s). There is no guarantee that the Company will be able to secure the rights in respect of such non-gold minerals or to obtain any applicable permit for such mineral(s).

**(k) Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

**(l) Conflicts of interest**

Certain Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. These engagements are summarised in Section 6.2. Accordingly, mineral exploration opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company in first instance. Although these Directors have been advised of their fiduciary duties to the Company, there exist actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.

**(m) Unforeseen expenses**

The Company may be subject to significant unforeseen expenses or actions, which may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events. The Directors expect that the Company will have adequate working capital to carry out its stated objectives however there is the risk that additional funds may be required to fund the Company's future objectives.

**(n) Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

#### **4.4 GENERAL RISKS**

**(a) Economic risks**

General economic conditions, movements in interest and inflation rates, the prevailing global commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

As with any mining project, the economics are sensitive to metal and commodity prices. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for minerals, technological advances, forward selling activities and other macro-economic factors. These prices may fluctuate to a level where the proposed mining operations are not profitable. Should the Company achieve success leading to mineral production, the revenue it will derive through the sale of commodities also exposes potential income of the Company to commodity price and exchange rate risks.

**(b) Market conditions**

The market price of the Company's Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Further, share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment;

(v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**(c) Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

**(d) Government and legal risk**

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

**(e) Litigation risks**

The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor Golden Ivoire SARL is currently engaged in any litigation.

**(f) Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

**(g) Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Securities under this Prospectus.

## **4.5 SPECULATIVE INVESTMENT**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

# 5. FINANCIAL INFORMATION

## 5.1 INTRODUCTION

The financial information contained in this Section includes the following for the Company and Golden Ivoire SARL, as the Company's pro forma subsidiary (together referred to as the **Group**):

- (a) summary audited historical statements of profit or loss and other comprehensive income and statements of cash flows of Golden Ivoire SARL for the period from 8 January 2016 (date of incorporation) up until 31 December 2016 and the year ended 31 December 2017;
- (b) summary reviewed historical statements of profit or loss and other comprehensive income and statements of cash flows of Golden Ivoire SARL for the half-year periods ended 30 June 2018 and 30 June 2017;
- (c) summary reviewed historical statement of profit or loss and other comprehensive income and statement of cash flows of the Company for the period from 1 February 2018 (date of incorporation) up until 30 June 2018;
- (d) summary audited historical statements of financial position of Golden Ivoire SARL as at 31 December 2016 and 31 December 2017;
- (e) summary reviewed historical statement of financial position of Golden Ivoire SARL and the Company as at 30 June 2018; and
- (f) the pro forma consolidated statement of financial position of the Group at 30 June 2018 and supporting notes which includes the Pro forma transactions and consolidation adjustments and capital raising together referred to as the 'Historical Financial Information'.

All amounts disclosed in this section are presented in Australian dollars.

## 5.2 BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information included in this Section has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act. The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Significant accounting policies applied to the Historical Financial Information are noted in Note 6 under the heading 'Significant Accounting Policies'.

The financial information has been reviewed and reported on by Grant Thornton Corporate Finance Pty Ltd as set out in the Independent Limited Assurance Report in Annexure A. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The financial information has been prepared for the purpose of the Offers.

The historical financial information of Golden Ivoire SARL that related to the period from 8 January 2016 to 31 December 2016 and the year ended 31 December 2017 has been extracted from the audited financial statements of Golden Ivoire SARL which were audited by Grant Thornton Audit Pty Ltd. An unmodified audit opinion was issued, with an Emphasis of Matter paragraph pertaining to a material uncertainty with respect to the subsidiary's ability to continue as a going concern.

The historical financial information of Golden Ivoire SARL that related to the half-year periods ended 30 June 2017 and 30 June 2018 has been extracted from the reviewed financial statements of Golden Ivoire SARL which were reviewed by Grant Thornton Audit Pty Ltd. An unmodified conclusion was issued, with an Emphasis of Matter paragraph pertaining to the substantial uncertainty with respect to the subsidiary's ability to continue as a going concern.

The historical financial information of African Gold Ltd that relates to the period from 1 February 2018 to 30 June 2018 has been extracted from the reviewed financial statements of the Company which were reviewed by Grant Thornton Audit Pty Ltd. An unmodified conclusion was issued, with an Emphasis of Matter paragraph pertaining to a material uncertainty with respect to the Company's ability to continue as a going concern.

The information set out in this Section and the Company's and Golden Ivoire SARL's selected financial information should be read together with:

- (a) the risk factors described in Section 4;
- (b) the proposed use of funds of the Offers described in Section 1.5;
- (c) the indicative capital structure described in Section 1.6;
- (d) the Independent Limited Assurance Report on the Historical Financial Information set out in Annexure A; and
- (e) the other information contained in this Prospectus.

All amounts disclosed in this section are presented in AUD\$, unless otherwise noted.

Investors should also note that historical results are not a guarantee of future performance.

### **5.3 GENERAL FACTORS AFFECTING THE OPERATING RESULTS OF THE COMPANY AND GOLDEN IVOIRE SARL**

Below is a discussion of the main factors which affected the Company's and Golden Ivoire SARL's operations and relative financial performance for the periods from:

- (a) for Golden Ivoire SARL:
  - (i) 8 January 2016 (date of incorporation) to 31 December 2016;
  - (ii) 1 January 2017 to 31 December 2017; and
  - (iii) 1 January 2018 to 30 June 2018; and
- (b) for the Company, 1 February 2018 (date of incorporation) to 30 June 2018,

which the Group expects may continue to affect it in the future. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Company's and Golden Ivoire SARL's historical operating and financial performance, nor everything which may affect the Company's and Golden Ivoire SARL's operations and financial performance in the future. The information in this section should also be read in conjunction with the risk factors set out in Section 4, and the other information contained in this Prospectus.

## 5.4 STATUTORY HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below presents the Historical Statement of Profit or Loss and Other Comprehensive Income.

	GOLDEN IVOIRE SARL				AFRICAN GOLD LTD
	Audited 8/1/16 – 31/12/16	Audited Year ended 31/12/17	Reviewed Half-year ended 30/6/17	Reviewed Half-year ended 30/6/18	Reviewed 1/2/18 – 30/6/18
	\$	\$	\$	\$	\$
Accounting and audit	(5,000)	(5,000)	-	(4,971)	(18,125)
Consultants and contractors	-	-	-	(1,442)	(116,996)
Employee benefits expense	(640)	(2,021)	(960)	(1,076)	(16,650)
Exploration expenditure	(936)	(14,535)	(8,843)	(35,343)	(66,288)
Other expenses	(1,488)	(1,781)	(378)	(2)	(5,498)
Impairment of loan to Golden Ivoire SARL	-	-	-	-	(96,394)
Share based payments	-	-	-	-	(748,152)
<b>Loss before interest and tax</b>	<b>(8,064)</b>	<b>(23,337)</b>	<b>(10,181)</b>	<b>(42,834)</b>	<b>(1,068,103)</b>
Net interest (expense) / revenue	-	-	-	-	-
<b>Net loss before tax</b>	<b>(8,064)</b>	<b>(23,337)</b>	<b>(10,181)</b>	<b>(42,834)</b>	<b>(1,068,103)</b>
Income tax benefit/expense	-	-	-	-	-
<b>Net loss after tax</b>	<b>(8,064)</b>	<b>(23,337)</b>	<b>(10,181)</b>	<b>(42,834)</b>	<b>(1,068,103)</b>
Other comprehensive income for the period, net of tax	56	1,340	324	203	-
<b>Total comprehensive loss for the period</b>	<b>(8,008)</b>	<b>(21,998)</b>	<b>(9,857)</b>	<b>(42,625)</b>	<b>(1,068,103)</b>

## 5.5 CASH FLOW STATEMENTS

### (a) Statutory Historical Statements of Cash Flows

The table below presents the Historical Cash Flows.

	GOLDEN IVOIRE SARL				AFRICAN GOLD LTD
	Audited 8/1/16 – 31/12/16	Audited Year ended 31/12/17	Reviewed Half-year Ended 30/6/17	Reviewed Half-Year Ended 30/6/18	Reviewed 1/2/18 – 30/6/18
	\$	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Payments to suppliers and employees	(2,072)	(1,517)	(1,338)	(3,467)	(37,590)
Payments for exploration and evaluation	(936)	(15,480)	(8,843)	(6,217)	(16,287)
<b>Net cash outflow from operating activities</b>	<b>(3,008)</b>	<b>(16,997)</b>	<b>(10,181)</b>	<b>(9,684)</b>	<b>(53,877)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment in subsidiary	-	-	-	-	(30,000)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from share issuances	44,550	-	-	-	313,750
Proceeds from option issuances	-	-	-	-	3,500
Return of capital	-	-	-	(14,478)	-
Proceeds (loans) between companies in the Group	-	-	-	63,330	(65,461)
<b>Net cash inflow provided by financing activities</b>	<b>44,550</b>	<b>-</b>	<b>-</b>	<b>48,852</b>	<b>251,789</b>
<b>Net increase(decrease) in cash held</b>	<b>41,542</b>	<b>(16,997)</b>	<b>(10,181)</b>	<b>39,168</b>	<b>167,912</b>
Cash and cash equivalents at the beginning of the period/year	-	41,542	41,542	24,545	-
Exchange rate adjustment to cash	-	-	324	210	-
<b>Cash and cash equivalents at the end of the period/year</b>	<b>41,542</b>	<b>24,545</b>	<b>31,685</b>	<b>63,923</b>	<b>167,912</b>

### (b) Operating cash flows

Golden Ivoire SARL incurred predominantly corporate operating costs over the 31 December 2016 period, its first year of incorporation. These are shown under *payments to suppliers and employees* and are comprised of *payments to an accountant, bank fees, rent and local taxes*. *Payments for exploration and evaluation* pertain to fees to secure and maintain tenement rights, tenement-data acquisition and early exploration activity. This activity ramped up for Golden Ivoire SARL in fiscal year 2017 as the tenement rights were granted at the end of the 2016 period and thus minimal activity occurred in 2016. The activity continued to be steady for the half-year 30 June 2018 as a result of the assistance of the Company in financing further early exploration activity.



(c) **Financing Activity**

In 2016, Golden Ivoire SARL raised its initial capital, representing the only capital raised by the entity in the periods 2016 and 2017. Amounts of capital were returned to the original shareholders in the 30 June 2018 half-year period. In the 30 June 2018, Golden Ivoire SARL received a loan from the Company to assist in performing early exploration activity. The Company's financing activity includes its seed capital raise in the 30 June 2018 period and the aforementioned amounts loaned to Golden Ivoire SARL.

## 5.6 HISTORICAL STATEMENTS OF FINANCIAL POSITION

Set out below are the historical statements of financial position as at 31 December 2016, 31 December 2017 and 30 June 2018.

	GOLDEN IVOIRE SARL			AFRICAN GOLD LTD
	Audited 8/1/16 – 31/12/16	Audited Year ended 31/12/17	Reviewed Half-Year Ended 30/6/18	Reviewed 1/2/18 – 30/6/18
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	41,542	24,545	63,923	167,912
Prepayments	-	-	-	4,583,736
<b>Total current assets</b>	<b>41,542</b>	<b>24,545</b>	<b>63,923</b>	<b>4,751,648</b>
<b>Non-current</b>				
Investment	-	-	-	30,000
Loan to Golden Ivoire SARL	-	-	-	-
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>
<b>TOTAL ASSETS</b>	<b>41,542</b>	<b>24,545</b>	<b>63,923</b>	<b>4,781,648</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Trade and other payables	5,000	10,000	15,000	274,436
<b>Total current liabilities</b>	<b>5,000</b>	<b>10,000</b>	<b>15,000</b>	<b>274,436</b>
<b>Non-current</b>				
Loan from African Gold Ltd	-	-	92,426	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>92,426</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>5,000</b>	<b>10,000</b>	<b>107,426</b>	<b>274,436</b>
<b>NET ASSETS</b>	<b>36,542</b>	<b>14,545</b>	<b>(43,503)</b>	<b>4,507,212</b>
<b>EQUITY</b>				
Contributed equity	44,550	44,550	30,072	313,750
Reserves	56	1,396	1,606	5,261,565
Accumulated losses	(8,064)	(31,401)	(75,181)	(1,068,103)
<b>TOTAL EQUITY</b>	<b>36,542</b>	<b>14,545</b>	<b>(43,503)</b>	<b>4,507,212</b>

## 5.7 PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The table below sets out the pro forma adjustments that have been made to the Consolidated Historical Statement of Financial Position as at 30 June 2018.

The pro forma adjustments reflect the impact of the Offers as if they had occurred at 30 June 2018 and further the material transactions of the Company up to the date of the Offers.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

	Note	Group 30/6/18 \$	Pro forma and consolidation adjustment \$	Reference	Pro Forma Subscription 30/6/18 \$
<b>ASSETS</b>					
<b>Current</b>					
Cash and cash equivalents	1	231,835	4,031,107	(a)-(d),(h)	4,262,942
Prepayments		4,583,736	(4,575,421)	(g)	8,315
<b>Total current assets</b>		<b>4,815,571</b>	<b>(544,314)</b>		<b>4,271,257</b>
<b>Non-current</b>					
Investment		30,000	(30,000)	(k)	-
Exploration and evaluation	5	-	1,755,181	(e),(k),(i)	1,755,181
<b>Total non-current assets</b>		<b>30,000</b>	<b>1,725,181</b>		<b>1,755,181</b>
<b>TOTAL ASSETS</b>		<b>4,845,571</b>	<b>1,180,867</b>		<b>6,026,438</b>
<b>LIABILITIES</b>					
<b>Current</b>					
Trade and other payables		289,436	(289,436)	(d)	-
<b>Total current liabilities</b>		<b>289,436</b>	<b>(289,436)</b>		<b>-</b>
<b>Non-current</b>					
Loans		92,426	(92,426)	(j)	-
<b>Total non-current liabilities</b>		<b>92,426</b>	<b>(92,426)</b>		<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>381,862</b>	<b>(381,862)</b>		<b>-</b>
<b>NET ASSETS</b>		<b>4,463,709</b>	<b>1,562,729</b>		<b>6,026,438</b>
<b>EQUITY</b>					
Contributed equity	2	343,822	330,375	(a)-(c), (e)-(h)	674,197
Reserves	4	5,263,171	1,221,150	(f),(j)	6,484,321
Accumulated losses	3	(1,143,284)	11,204	(e),(j),(i)	(1,132,080)
<b>TOTAL EQUITY</b>		<b>4,463,709</b>	<b>1,562,729</b>		<b>6,026,438</b>

## 5.8 PRO FORMA TRANSACTIONS AND CONSOLIDATION ADJUSTMENTS

The following transactions contemplated in this Prospectus which are to take place on the completion of the Offers or, where indicated below, have occurred since 30 June 2018 to the date of this Prospectus, referred to as the pro forma adjustments, are presented as if they, together with the Offers, had occurred on or before 30 June 2018 and are set out below.

With the exception of the pro forma transactions and consolidation adjustments noted below, no other material transactions have occurred between 30 June 2018 and the date of this Prospectus which the Directors consider require disclosure.

- (a) The issue of 22,500,000 Shares at \$0.20 per Share, amounting to \$4,500,000 under the Public Offer.
- (b) Additional seed capital raise of 1,800,000 Shares at \$0.10 per Share, to the amount of \$180,000 completed on 4 December 2018.
- (c) Payments received for the issuance of remaining 500,000 Shares to promoters at \$0.005 per share, fully issued as at 8 November 2018, in the amount of \$2,500.
- (d) An adjustment of \$289,436 settles all debts owed to consultants, advisors and contractors for activity attributable to the Group pertaining to 30 June 2018, which will be performed using cash reserves as at 30 June 2018 and remaining seed capital raised as described under pro forma adjustment (b) above.
- (e) In accordance with the Acquisition Agreement, the Consideration Shares to be distributed for the acquisition of Golden Ivoire SARL equivalent to 8,250,000 Shares at \$0.20 per Share amounting to \$1,650,000. The transaction is treated as an asset acquisition (Evaluation and Exploration Assets) as Golden Ivoire SARL does not meet the accounting definition of a business.
- (f) The issue of 9,750,000 Advisor Options under the Advisor Offer at \$0.0001 each, with an exercise price of \$0.20 per Share and an expiry date three years from the issuance date. A fair value of \$1,225,118 was derived using a Black Scholes pricing model and recorded as a decrease in Share Capital given that the cost attributable to these Options is considered to be a cost of raising the equity under the Offers.
- (g) The unwinding of prepayment expense pertaining to the issuance of 30,000,000 Management Options to Directors (or their nominees) as at 30 June 2018 of \$4,509,913 and other listing costs of \$65,508 that were incurred and recorded as at 30 June 2018 for total of \$4,575,421. The fair value amount of \$4,509,913 is unwound as a reduction in Share Capital given that the cost is considered to be incurred to raise equity under the Offers. The \$65,508 has been unwound as part of the costs of the Offers in pro forma adjustment (h) below.
- (h) Total costs associated with the Offers (including legal, accounting and administrative fees as well as printing, advertising and other expenses) are estimated to be \$427,464. Approximately \$160,371 has been attributed to Accumulated Losses. A full breakdown of the costs of the Offers is as follows:

ITEM OF EXPENDITURE	ESTIMATED \$	
	ACCUMULATED LOSSES	SHARE CAPITAL
ASIC fees	3,206	-
ASX fees	88,958	-
Australian legal fees	27,165	18,835
Overseas legal fees	20,078	13,922
Investigating Accountant's fees	5,905	4,095
Independent Geologist's fees	5,905	4,095
Brokers' fees	-	225,000
Share registry fee	1,654	1,146
Printing, design & other	7,500	-
<b>Total</b>	<b>160,371</b>	<b>267,093</b>

For the impact of this pro forma adjustment on cash and cash equivalents, balances of \$65,508 for the services described in pro forma adjustment (g) above had already been recorded as liabilities of the company as at 30 June 2018 included further in Prepayments. Thus, the cash impact of the payment of \$65,508 of the costs of the Offers is captured in pro forma adjustment (d). The net cash impact of this pro forma adjustment is therefore \$361,956 (\$427,464 less \$65,508).

- (i) Elimination of Golden Ivoire SARL's accumulated losses as at 30 June 2018 against the Exploration and Evaluation asset balance.
- (j) As at 30 June 2018, Golden Ivoire SARL had \$92,426 owing to the Company as a result of cash calls and re-charges from the Company. The Company also reciprocally is owed this amount but, as at 30 June 2018, had impaired the balance against Accumulated Losses. Given that these transactions are intercompany, the pro forma and consolidation adjustments include the reversal of the amounts previously recorded in Accumulated Losses and removal of the intercompany loan owing by Golden Ivoire SARL as at 30 June 2018. Differences between balances owing and amounts previously impaired is \$3,968 and a result of foreign exchange, thus this is adjusted through the foreign exchange reserve.
- (k) The adjustment converts cash amounts paid to acquire Golden Ivoire SARL as at 30 June 2018 from Investments to *Exploration and Evaluation Assets* given that this is part of the Acquisition consideration and the Acquisition is accounted for as an asset acquisition.

## RECOGNITION OF A DEFERRED TAX ASSET

A deferred tax asset has not been recognised in relation to the capitalised costs of the Offers due to the uncertainty surrounding the flow of economic benefits in future periods.

## NOTE 1 - CASH AND CASH EQUIVALENTS

The reviewed pro forma cash and cash equivalents have been set out below:

	PRO FORMA ADJUSTMENT	SUBSCRIPTION \$
<b>Reviewed cash &amp; cash equivalents at 30 June 2018</b>		<b>231,835</b>
<i>Pro forma transactions and consolidation adjustments:</i>		
Proceeds from Shares issued under the Public Offer	(a)	4,500,000
Seed capital raise	(b)	180,000
Promoter Shares and Management Options	(c)	2,500
Payment of <i>Company Trade and other payables</i> as at 30 June 2018	(d)	(289,436)
Payment of outstanding cash costs of the Offers	(h)	(361,957)
<b>Pro forma cash and cash equivalents</b>		<b>4,262,942</b>

## NOTE 2 - CONTRIBUTED EQUITY

Contributed equity is comprised of share capital. The reviewed pro forma share capital has been set out below:

	PRO FORMA ADJUSTMENT	SUBSCRIPTION \$
<b>Reviewed share capital at 30 June 2018</b>		<b>343,822</b>
<i>Pro forma transactions and consolidation adjustments:</i>		
Proceeds from Shares issued under the Public Offer	(a)	4,500,000
Consideration Shares issued on acquisition of Golden Ivoire SARL	(e)	1,650,000
Payments received for issuance of promoter Shares	(c)	2,500
Additional seed capital raise	(b)	180,000
Unwinding of fair value of Management Options	(g)	(4,509,913)
Fair value of Advisor Options issued under the Advisor Offer	(f)	(1,225,118)
Capital raising costs	(h)	(267,093)
<b>Pro forma Share capital</b>		<b>674,198</b>
<b>Number of shares issued at 30 June 2018</b>		<b>21,900,001</b>
<i>Pro forma transactions and consolidation adjustments:</i>		
Promoter Shares issued at \$0.005 on 8 November 2018	(c)	500,000
Additional seed capital Shares issued at \$0.10 on 4 December 2018	(b)	1,800,000
Shares to be issued under the Public Offer	(a)	22,500,000
Consideration Shares issued on acquisition of Golden Ivoire SARL	(e)	8,250,000
<b>Pro forma Shares issued</b>		<b>54,950,001</b>

## NOTE 3 - ACCUMULATED LOSSES

The reviewed pro forma accumulated losses position has been calculated as follows:

	PRO FORMA ADJUSTMENT	SUBSCRIPTION \$
<b>Reviewed accumulated losses at 30 June 2018</b>		<b>(1,143,284)</b>
<i>Pro forma transactions and consolidation adjustments:</i>		
Elimination of intercompany loss on loan write-down	(j)	96,394
Subsidiary loss eliminated on acquisition	(i)	75,181
Costs of the Offers expensed	(h)	(160,371)
<b>Pro forma accumulated losses</b>		<b>(1,132,080)</b>

## NOTE 4 - RESERVES

*Share option reserve* – records the fair value of Options and Performance Rights on issue.

	PRO FORMA ADJUSTMENT	PERFORMANCE RIGHTS	OPTIONS	SUBSCRIPTION \$
<b>Reviewed share option reserve as at 30 June 2018<sup>1</sup></b>		-	<b>35,000,000</b>	<b>5,261,565</b>
Performance Rights to be issued to an employee <sup>2</sup>		2,000,000	-	-
Pro forma transactions and consolidation adjustments:				
Options issued to Advisors <sup>3</sup>	(f)	-	9,750,000	1,225,118
<b>Pro forma Reserves</b>		<b>2,000,000</b>	<b>44,750,000</b>	<b>6,486,683</b>

### Notes:

1. Comprised of Management Options which vest immediately and are exercisable at \$0.20 each, expiring 17 April 2023. Using these inputs, volatility based on comparable companies of 100% and a risk-free rate of 2.10%, management has estimated the fair value of the issuance using a Black Scholes model.
2. During the 30 June 2018 interim period, the Company entered into a contract with the Chief Executive Officer and Exploration Manager which included the agreement to issue 2,000,000 Performance Rights. The Performance Rights vest subject to performance conditions, with the Performance Rights to be issued and the period of vesting to commence on or about the date that the Company is admitted to the Official List. Given this, the total expense of \$200,000, calculated at the Share price on the date of the agreement (10 cents) multiplied by the number of Performance Rights, is not recognised until the vesting period begins and will only be recognised where management assesses that the performance conditions are more than probable to be met. The expense will then be recognised straight-line over the vesting period.
3. Comprised of Advisor Options which vest immediately and are exercisable at \$0.20 each, expiring in 3 years from the date of issuance. Using these inputs, volatility based on comparable companies of 100% and a risk-free rate of 2.10%, management has estimated the fair value of the issuance using a Black Scholes model.

*Foreign exchange reserve* – records the results of translations of subsidiaries with functional currencies that are not Australian dollars

	PRO FORMA ADJUSTMENT	SUBSCRIPTION \$
<b>Reviewed foreign exchange reserve as at 30 June 2018</b>		<b>1,606</b>
<i>Pro forma transactions and consolidation adjustments:</i>		
Elimination of intercompany loan	(j)	(3,968)
<b>Pro forma foreign exchange reserve</b>		<b>(2,362)</b>

## NOTE 5 - EVALUATION AND EXPLORATION ASSETS

	PRO FORMA ADJUSTMENT	SUBSCRIPTION \$
<b>Reviewed evaluation and exploration assets as at 30 June 2018</b>		<b>-</b>
<i>Pro forma transactions and consolidation adjustments:</i>		
Consideration Shares for acquisition of Golden Ivoire SARL	(e)	1,650,000
Accumulated losses of Golden Ivoire SARL as at the date of acquisition	(i)	75,181
Re-classify Company's investment in Golden Ivoire SARL	(k)	30,000
<b>Pro forma evaluation and exploration assets</b>		<b>1,755,181</b>

The transactions above account for the acquisition of Golden Ivoire SARL by African Gold Limited, which is due to complete immediately prior to the date of listing of the Group to the ASX. The appropriate accounting treatment for the transaction is an asset acquisition rather than a business combination as neither of the two companies meet the accounting definition of a company on the date of acquisition. The underlying assets being purchased are tenement licenses of the acquiree and thus are capitalised under the Group's policies for evaluation and exploration assets as described in Note 6(c)) below.

## **NOTE 6 – SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial information has been prepared on an accruals basis and is based on historical cost.

### **(b) Going Concern**

The Group has incurred a net loss of \$1,068,103 for the half-year period ended 30 June 2018 and cash outflows from operating activities for the half-year period equal to \$63,561.

These pro forma financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business given the results of the pro forma adjustments which, most notably, includes the raise of \$4,500,000 under the Public Offer. These events will allow the Group to meet all obligations as at the date of Admission and for the foreseeable future.

Going forward, the Group will have an ability to manage its cost structure dependent on the success of the initial public offering. In turn, the Group will be able to control its levels of cash outflow dependent on timing of its exploration activities and discretionary spend. It is for these reasons that the Directors are confident the Group will continue as a going concern and have presented the financial information on this basis.

### **(c) Exploration and Development Expenditure**

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest where the Group has a current right of tenure over the respective area. These costs are only capitalised to the extent that they are valid exploration, evaluation and development expenditure and are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

### **(d) Share Based Payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. For Options issued fair value is determined by application of the Black-Scholes methodology. For Performance Rights issued, fair value is determined based on the value of the underlying security as at grant date.



The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of Shares that will eventually vest. At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the option reserve. Where service periods exist, whether defined or implicit, the expense is amortised on a straight-line basis over the service period or up to the vesting date, whichever comes sooner.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty is deemed to have rendered the service.

**(e) Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent short term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

**(f) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Due to their short-term nature they are measured at the amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(g) Equity and reserves**

Share capital represents the fair value of the Shares that have been issued. Any transaction costs associated with the issuing of Shares are deducted from Share capital, net of any related income tax benefits.

Option and Performance Rights reserves include the fair value of Options and Performance Rights issued where amounts have been expensed and recognised as described in Note 6(d)) above.

Foreign currency translation reserves arise based on the translation of subsidiary period-end balances that operate using a different functional currency than that of the presentation currency of the Group.

**(h) Significant Estimates and Judgments**

The Group has applied the following estimates and judgments pertaining to the financial report:

**(i) Volatility of share price and risk free rate**

For the purposes of the Black Scholes models used in Note 4, the Group has estimated the volatility of its Share price based on other companies considered to be comparable, being junior exploration companies listed on the ASX and with African gold assets. The volatility is estimated to be 100%. The Group has estimated a risk-free rate based on the three-year average bond rates of Australia, 2.10%.

**(i) Commitments**

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements.

Minimum annual exploration commitments required to maintain both granted licenses are as set out in the Independent Geologist's Report at Annexure C.

The Group is not aware of any other contingent commitments.

**(j) Events subsequent to balance date**

Subsequent to the balance date, the Group finalised its raise of seed capital funding in the amount of \$180,000. This transaction has been reflected as part of the pro forma balances presented in the Pro Forma Historical Statement of Financial Position.

# 6.

# BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

## 6.1 BOARD OF DIRECTORS

As at the date of this Prospectus, the Board comprises of:

- (a) Mr Steve Parsons – Executive Director;
- (b) Mr Evan Cranston – Non-Executive Chairman; and
- (c) Mr Tolga Kumova – Non-Executive Director.

## 6.2 DIRECTORS' PROFILES

The names and details of the Directors in office at the date of this Prospectus are:

### (a) **Steve Parsons – Executive Director**

Mr Parsons holds an honours degree in geology and has 20 years' experience in the mining industry. He is a highly respected mining executive and was the founding Managing Director of Gryphon Minerals, which he listed on the ASX and grew into an ASX 200 company. During this time, he oversaw the discovery and delineation of a 3.6 million ounce resource at Banfora Gold Project in Burkina Faso, West Africa and the subsequent takeover of the company for \$100 million by a significant North American gold company in late 2016, crystallising significant value for shareholders. Gryphon Minerals actively explored a large tenement portfolio throughout a number of West Africa countries including Burkina Faso, Côte d'Ivoire, Liberia and Mauritania over a number of years.

Mr Parsons is currently a director of ASX-listed companies Bellevue Gold Ltd, Blackstone Minerals Ltd and Centaurus Metals Limited.

### (b) **Evan Cranston – Non-Executive Chairman**

Mr Evan Cranston is a corporate lawyer with a broad experience in the areas of capital raising, initial public offerings, joint ventures, mergers and acquisitions, corporate governance and liaison with market analysts and potential investors. He holds both a Bachelor of Commerce and Bachelor of Laws.

Mr Cranston is currently a director of ASX-listed companies New Century Resources Limited (an ASX-300 mining company), Boss Resources Ltd and Carbine Resources Ltd.

Mr Cranston has experience in West Africa having been actively involved with Ampella Mining Ltd, Boss Resources Ltd and Carbine Resources Ltd. During his time with Ampella Mining they discovered and delineated the 3Moz Batie West Gold Project in Burkina Faso as well as actively explored for gold in Côte d'Ivoire.

**(c) Tolga Kumova – Non-Executive Director**

Mr Tolga Kumova has 15 years' experience in stockbroking, corporate finance and corporate restructuring, and has specialised in initial public offerings and capital requirements of mining focused companies. He has raised in excess of \$500 million for mining ventures, varying from inception stage through to construction and development. Mr Kumova was a founding shareholder of Syrah Resources in 2010 and served as an Executive Director from May 2013 to October 2016, and as Managing Director from October 2014 to October 2016. During his tenure at Syrah Resources, Mr Kumova led the business from resource stage through to full funding through to development, gaining experience negotiating offtake agreements with numerous globally recognised counterparties.

Mr Kumova is currently a director of New Century Resources Limited (an ASX-300 mining company) and European Cobalt Ltd, and an advisor to other ASX-listed entities including Syrah Resources Limited (an ASX-200 mining company) and Canyon Resources Ltd.

### **6.3 KEY MANAGEMENT PERSONNEL**

**(a) Company Secretary and Chief Financial Officer – Michael Naylor**

Mr Naylor has more than 22 years' experience in corporate advisory and public company management since commencing his career and qualifying as a chartered accountant with Ernst & Young. Mr Naylor has been involved in the financial management of mineral and resource focused public companies serving on the board and in the executive management team focusing on advancing and developing mineral resource assets and business development.

He is currently company secretary of ASX-listed companies Cygnus Gold Ltd, Bellevue Gold Ltd (where he is also chief financial officer), First Cobalt Corporation and Blackstone Minerals Limited.

**(b) Chief Executive Officer and Exploration Manager – Glen Edwards**

Mr Edwards is an economic geologist with over 25 years' experience in the mining industry. He has worked for, and held, senior positions in a number of exploration and mining companies including Gold Field of SA, Phelps Dodge, Anglovaal, Newmont, IAM Gold, Indago, Aviva and ABG/Acacia. Mr Edwards has extensive experience in range of commodities and styles of mineralization in diverse geological environments around the world. He is an Africa "specialist" having grown up and worked for a large part of his career there. At ABG/Acacia Mr Edwards was the regional exploration manager of West Africa which included project generation and business development in Côte d'Ivoire. He has a demonstrated track record in developing and adding value to companies and shareholders through project generation, business development, exploration, discovery and resource development.

Mr Edwards holds a bachelor of science degree in Geology, Chemistry and Applied Chemistry from the University of Natal and a postgraduate degree in Geochemistry from the University of Cape Town. He is a Member of the Australian Institute of Geologists and the Society of Economic Geologists.

**(c) In-Country Manager – Mohamed Niare**

Mr Niare has a Masters of business administration and has worked for a variety of companies in Africa as General Manager – In Country including Resolute Mining (Mali), Taruga Gold (Mali and Côte d'Ivoire), International Goldfields Limited and Newmont Mining Limited (Mali and Guinea).

## 6.4 INTERESTS OF DIRECTORS

Except as disclosed in this Prospectus, no Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

## 6.5 SECURITY HOLDINGS OF DIRECTORS

The Directors and their associates have the following interests in Securities as at the date of this Prospectus:

DIRECTOR <sup>1</sup>	SHARES	% SHAREHOLDING <sup>2</sup>	OPTIONS <sup>3</sup>
Steve Parsons	5,500,001	22.7	10,000,000
Evan Cranston	-	-	-
Tolga Kumova	5,500,000	22.7	10,000,000

### Notes:

- Messrs Parsons and Kumova hold their interests in the Securities indirectly through associated entities, Symorgh Investments Pty Ltd as trustee for the Symorgh Account and Kitara Investments as trustee for the Kumova Family Account, respectively.
- Assuming that there are 24,200,001 Shares on issue and no further Shares are issued or Securities exercised.
- Comprised of Management Options with an exercise price of \$0.20 each and an expiry date of 17 April 2023.

Based on the intentions of the Directors at the date of this Prospectus in relation to the Offers, the Directors and their related entities will have the following interests in Shares on Admission:

DIRECTOR <sup>1</sup>	SHARES	% SHAREHOLDING <sup>2</sup>	OPTIONS <sup>3</sup>
Steve Parsons	5,500,001	10.0	10,000,000
Evan Cranston	-	-	-
Tolga Kumova	5,500,000	10.0	10,000,000

### Notes:

- Messrs Parsons and Kumova hold their interests in the Securities indirectly through associated entities, Symorgh Investments Pty Ltd as trustee for the Symorgh Account and Kitara Investments as trustee for the Kumova Family Account, respectively.
- Assuming that there are 54,950,001 Shares on issue and no further Shares are issued or Securities exercised.
- Comprised of Management Options with an exercise price of \$0.20 each and an expiry date of 17 April 2023.

## 6.6 REMUNERATION OF DIRECTORS

None of the Directors has received any remuneration since incorporation of the Company, but have each subscribed (or procured that a nominee subscribe) for 10 million Management Options for a nominal issue price, exercisable at \$0.20 each and expiring 17 April 2023. These Options will be escrowed for a period of 24 months in accordance with Listing Rules.

Mr Parsons was appointed as a Director on incorporation of the Company. On 17 April 2018, the Company entered into an executive services agreement with him, pursuant to which the Company will pay a fee of \$120,000 per annum plus statutory superannuation for services provided by Mr Parsons as Executive Director of the Company. The remuneration only accrues and becomes payable upon the Company's admission to the Official List. See Section 7.4(a) for further details of that agreement.

Mr Cranston was appointed as a Director on 22 March 2018. On 22 November 2018, Mr Cranston entered into a non-executive director letter of appointment with the Company, pursuant to which he will receive remuneration of \$60,000 per annum plus statutory superannuation for services provided as Non-Executive Director of the Company. The remuneration only accrues and becomes payable upon the Company's admission to the Official List. See Section 7.4(b) for further details of that letter.

Mr Kumova was appointed as a Director on incorporation of the Company. On 17 April 2018, Mr Kumova entered into a non-executive director letter of appointment with the Company, pursuant to which he will receive remuneration of \$48,000 per annum plus statutory superannuation for services provided as Non-Executive Director of the Company. The remuneration only accrues and becomes payable upon the Company's admission to the Official List. See Section 7.4(b) for further details of that letter.

## 6.7 RELATED PARTY TRANSACTIONS

The Company has entered into the following related party transactions on arms' length terms:

- (a) a deed for the reimbursement of certain payments associated with the Acquisition and Tenements to an entity related to Director Steve Parsons (refer to Section 7.3 for details);
- (b) letters of appointment or executive services agreements with each of its Directors on standard terms (refer to Section 7.4 for details); and
- (c) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer to Section 7.7 for details).

Post-Admission, the Company proposes to enter into a formal agreement with Blackstone Minerals Limited (of which Director Steve Parsons is a director) to lease its office space on standard commercial and arm's length terms.

At the date of this Prospectus, no other material transactions with related parties or Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

## 6.8 ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's nature and intended work program, the Board considers that the current Board is appropriate for directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full corporate governance plan is available in a dedicated corporate governance information section of the Company's website ([www.african-gold.com](http://www.african-gold.com)).

### (a) Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) leading and setting the strategic direction and objectives of the Company;
- (ii) appointing the Chairman of the Board, Managing Director or Chief Executive Officer, and approving the appointment of executives and the Company Secretary;
- (iii) overseeing the executives' implementation of the Company's strategic objectives and performance generally;
- (iv) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (v) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- (vi) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (vii) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (viii) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

## **(b) Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- (i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives of the Company.

The Board currently consists of three Directors (including two non-executive Directors), only one of whom is considered to be independent (Mr Evan Cranston). The Board considers the current balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

To assist the Board in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board will maintain a board skills matrix.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity, and enable new Directors to gain an understanding of the Company's policies and procedures.

**(c) Ethics and diversity**

The workforce of the Company is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected. The Company's diversity policy aims to align its business operations with the positive outcomes that can be achieved through the utilisation of the contribution of diverse skills and talents.

**(d) Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

**(e) Remuneration arrangements**

The remuneration of an Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

The total maximum remuneration of Non-Executive Directors is initially set by the Board and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

**(f) Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its Directors, officers, employees and contractors. The policy generally provides that for Directors, the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

**(g) External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

**(h) Departures from Recommendations**

Under the Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations will also be announced prior to admission to the Official List of the ASX.



# 7. MATERIAL CONTRACTS

## 7.1 INTRODUCTION

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Securities under the Offers. The provisions of such material contracts are summarised in this Section.

## 7.2 ACQUISITION AGREEMENT

The Company and the Vendors have entered into a conditional agreement (**Acquisition Agreement**) for the sale and purchase of 100% of the issued capital of Golden Ivoire SARL (**Acquisition**). The effect of the Acquisition Agreement is that, subject to the satisfaction or waiver of certain conditions precedent, the Company will acquire Golden Ivoire SARL for the following consideration:

- (a) the issue of that number of Shares which equates to a total of 15% of the total issued capital of the Company immediately prior to Admission, being an aggregate of 8,250,000 Shares (**Consideration Shares**); and
- (b) a cash payment of \$30,000 and an additional cash payment of up to \$50,000 (including GST, if any) as a reimbursement of expenditure incurred on the Tenements, subject to the Vendors producing evidence of such expenditure in a form and substance satisfactory to the Company.

The Vendors are not related parties of the Company, although Mr Mohamed Niare is proposed to be appointed as In-Country Manager for the Company from Admission in consideration of consultancy fees of US\$5,000 per month, inclusive of all taxes and duties payable in Côte d'Ivoire.

The conditions precedent for the completion of the Acquisition Agreement include:

- (a) the Vendors obtaining all necessary governmental and third party consents and approvals for the legal and beneficial transfer of the shares in Golden Ivoire SARL, excluding consent from the Ministry of Mines for the change of control of Golden Ivoire SARL;
- (b) the Company obtaining a conditional letter from ASX for admission to the Official List on terms satisfactory to the Directors, acting reasonably, and the Company being able to issue the Consideration Shares at the same time as the Securities under the Offers; and
- (c) each Vendor delivering to the Company an executed restriction agreement in connection with the Consideration Shares.

The parties have until 31 January 2019 (or such other date as agreed to by the parties) to satisfy the conditions outlined above that have not already been satisfied.

As noted in the Solicitor's Report at Annexure B, approval of the Minister of Mines in Côte d'Ivoire must be sought for the change of control of a company which holds exploration permits and the Company does not foresee any reason why Ministerial consent would not be granted to permit Golden Ivoire SARL to be acquired by the Company. Please refer to Section 4.3(a) for a summary of the risks associated with not obtaining Ministerial approval.

The Vendors have provided the Company with warranties in relation to ownership, encumbrances and good standing of the Tenements.

The remainder of the terms and conditions of the Acquisition Agreement are considered standard for an agreement of this nature.

### 7.3 REIMBURSEMENT DEED

On 16 June 2017, Newgen Minerals Pty Ltd (**Newgen**) entered into an option deed with the Vendors (**Option Deed**) pursuant to which it paid the Vendors a fee of \$30,000 for the option to acquire 100% of the issued capital in Golden Ivoire SARL (**Option Fee**). Newgen also paid approximately \$9,800 of on-ground costs to the Vendors in relation to the Tenements in accordance with the Option Deed (**On-Ground Costs**).

Subsequent to the Option Deed, the Company entered into the Acquisition Agreement with the Vendors.

The Company has entered into a deed under which it has agreed to reimburse Newgen for the Option Fee and the On-Ground Costs within 2 business days of being admitted to the Official List of ASX (**Reimbursement Deed**). Newgen is related to the Company by virtue of Director Steve Parsons being a director and shareholder of Newgen. The Company confirms that the Reimbursement Deed was negotiated on arm's length terms.

### 7.4 DIRECTOR AGREEMENTS

#### (a) Executive Services Agreement – Steve Parsons

The Company has entered into an executive services agreement (**Executive Services Agreement**) with Mr Steve Parsons pursuant to which he is engaged as a full-time employee of the Company and serves the Company as an Executive Director responsible for the overall management and supervision of the activities, operations and affairs of the Company, subject to the overall control and direction of the Board (**Services**).

The remuneration payable to Mr Parsons for the Services is \$120,000 per annum exclusive of statutory superannuation. The parties have agreed that the remuneration will not accrue and, as such, will only become payable to Mr Parsons, after the Company is admitted to the Official List.

The Board may, in its absolute discretion, invite Mr Parsons to participate in bonus and/or other incentive schemes that the Company may implement from time to time, subject to Shareholder approval.

In the event of a change of control, Mr Parsons will receive a bonus payment equal to 12 months' base salary.

The Executive Services Agreement commenced on 1 February 2018 and is for an indefinite term, continuing until terminated either by the Company giving 6 months' written notice or by Mr Parsons giving 3 months' written notice of termination to the other party (or shorter period in limited circumstances).

Mr Parsons is also subject to restrictions in relation to the use of confidential information during and after his employment with the Company ceases. The parties have acknowledged that Mr Parsons has existing consultancies, directorships and business interests with various Australian entities which may also be developing gold or other mineral resource assets or have operations or assets in Africa, and that it is Mr Parsons' responsibility to keep the Board informed of any material personal interest in a matter being considered by the Company or which may lead to a conflict of interest.

The Executive Services Agreement contains additional provisions considered standard for agreements of this nature.

#### (b) Non-Executive Director Agreements – Evan Cranston and Tolga Kumova

The Company has entered into separate letters of appointment with each of Messrs Cranston and Kumova pursuant to which the Company has agreed to pay them \$60,000 and \$48,000 plus statutory superannuation per annum respectively, or the equivalent under contracting rates (including GST), for services provided to the Company as Non-Executive Directors commencing on the date of their appointment. The remuneration accrues and is payable upon the Company gaining successful admission to the Official List. Mr Cranston is to act as Chairman.

### 7.5 AGREEMENT WITH CHIEF EXECUTIVE OFFICER AND EXPLORATION MANAGER

The Company has entered into an executive services agreement (**CEO Agreement**) with Mr Glen Edwards pursuant to which he is engaged as a full-time employee of the Company and serves the Company as a Chief Executive Officer and Exploration Manager responsible for planning, co-ordinating and implementing the

Company's exploration programmes in Africa with planning input from other senior exploration and executive staff, and subject to the overall control and direction of the Board (**CEO Services**).

The remuneration payable to Mr Edwards for the Services is \$180,000 per annum exclusive of statutory superannuation. In addition, the Company has agreed to grant Mr Edwards 1 million Class A Performance Rights and 1 million Class B Performance Rights on the terms and conditions set out in Section 8.3. The Company intends to issue the Performance Rights on or about the date of issue of the Shares under the Public Offer.

The CEO Agreement commenced on 1 November 2018 and is for an indefinite term, continuing until terminated in accordance with the CEO Agreement, subject to a probationary period ending 3 months after Admission. During the probationary period, either party may terminate the CEO Agreement by giving 1 week's notice to the other party. Following the probationary period, either party may terminate the CEO Agreement by giving not less than 3 months' notice to the other party (or shorter period in limited circumstances).

Mr Edwards is also subject to restrictions in relation to the use of confidential information during and after his employment with the Company ceases. The CEO Agreement contains additional provisions considered standard for agreements of this nature.

## 7.6 COMPANY SECRETARIAL AND FINANCIAL MANAGEMENT SERVICES AGREEMENT

The Company has an agreement with Blue Leaf Corporate Pty Ltd (**Blue Leaf**) for the provision of company secretarial and financial management services to the Company (**Blue Leaf Agreement**). Blue Leaf is controlled by Company Secretary and Chief Financial Officer, Mr Michael Naylor. The Blue Leaf Agreement commenced in December 2018 and will continue until terminated by mutual agreement or either party on 90 days' written notice. The Company will pay Blue Leaf fees of \$7,500 per month (plus GST) commencing upon Admission. The Blue Leaf Agreement contains additional provisions considered standard for agreements of this nature.

## 7.7 DEEDS OF INDEMNITY, INSURANCE AND ACCESS

The Company is party to a deed of indemnity, insurance and access with each of the Directors, the Company Secretary and the Chief Executive Officer. Under these deeds, the Company indemnifies each Director and officer to the extent permitted by law against any liability arising as a result of the relevant person acting as a director or officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director or officer and must allow the Directors and officers to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

# 8.

# ADDITIONAL INFORMATION

## 8.1 RIGHTS ATTACHING TO SHARES

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) **(Ranking of Shares):** At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) **(Voting rights):** Subject to any rights or restrictions, at general meetings:
  - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
  - (ii) has one vote on a show of hands; and
  - (iii) has one vote for every Share held, upon a poll.

- (c) **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

- (d) **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

- (f) **(General meetings):** Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) **(Unmarketable parcels):** The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- (h) **(Rights on winding up):** If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.

## 8.2 TERMS OF OPTIONS

The terms of the Management Options and Advisor Options are as follows:

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Issue Price):** The Management Options were issued for \$0.0001 each and the Advisor Options will be issued for \$0.0001 each.
- (c) **(Exercise Price):** The Options have an exercise price of \$0.20 per Option (**Exercise Price**).
- (d) **(Expiry Date):** The Management Options expire at 5:00pm (WST) on 17 April 2023 and the Advisor Options will expire at 5:00pm (WST) on the date which is 3 years after grant date (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (f) **(Quotation of the Options):** The Company will not apply for quotation of the Options on ASX.
- (g) **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company.
- (h) **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (i) **(Lodgement instructions):** Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.
- (j) **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then Shares of the Company.
- (k) **(Quotation of Shares on exercise):** Application will be made by the Company to ASX, on the business day the Shares are issued, for quotation of the Shares issued upon the exercise of the Options.
- (l) **(Timing of issue of Shares):** Within 15 business days after the later of the following:
  - (i) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
  - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
 the Company will:
  - (iii) issue the Shares pursuant to the exercise of the Options;
  - (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (v) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

- (m) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 3 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (n) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- (o) **(Adjustment for entitlements issue):** If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph (p) will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.
- (p) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied in accordance with the Listing Rules.

### 8.3 TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

- (a) **(Performance Rights and Milestones):** The Company intends to grant the following Performance Rights to Chief Executive Officer and Exploration Manager, Mr Glen Edwards, **(CEO)** or his permitted nominees under the Plan:

PERFORMANCE RIGHTS	NUMBER	PERFORMANCE RIGHTS MILESTONES
Class A Performance Rights	1,000,000	The CEO completing 18 months of continuous employment with the Company from the date the Company is admitted to the official list of ASX.
Class B Performance Rights	1,000,000	Announcement by the Company of a JORC Code compliant resource of a minimum of 500,000 ounces of gold (or equivalent value if another commodity) of at least 1 gram per tonne on any of the Company's mineral exploration licences in Côte D'Ivoire within 3 years of the date the Company is admitted to the official list of ASX.

In the event of any inconsistency between the Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency.

- (b) **(Vesting):** The Performance Rights will vest on the date the Milestone relating to those Performance Rights has been satisfied. The Company will notify the holder in writing when the relevant Milestones have been satisfied **(Vesting Notice)**.
- (c) **(Consideration):** The Performance Rights were granted for nil cash consideration.
- (d) **(Exercise Price):** The Exercise Price of each vested Performance Right is nil.
- (e) **(Expiry Date):** Each Performance Right will expire on the earlier to occur of:
- (i) the date which is 4 years after the date the Company is admitted to the official list of ASX; and
  - (ii) the Performance Right lapsing and being forfeited under the Plan or these terms and conditions,
- (Expiry Date).** For the avoidance of doubt any vested but unexercised Performance Rights will automatically lapse on the Expiry Date.
- (f) **(Conversion):** Upon vesting, each Performance Right will, at the CEO's election, convert into one fully paid ordinary share in the Company **(Share)**. The CEO may apply to exercise vested Performance Rights at any time prior to the Expiry Date by filling out a notice of exercise in the form provided by the Company and returning to the Company Secretary **(Notice of Exercise)**.



- (g) **(Transfer):** The Performance Rights are not transferable unless they have vested and only with the prior written approval of the Board and subject to compliance with the Corporations Act and the Listing Rules.
- (h) **(Quotation):** No application for quotation of the Performance Rights will be made by the Company.
- (i) **(Participation in entitlements and bonus issues):** Subject always to the rights under paragraphs (j) and (k), holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(Adjustment for bonus issue):** If securities are issued pro-rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Rights to which the holder is entitled will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were exercised immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Listing Rules at the time of the bonus issue.
- (k) **(Reorganisation of capital):** In the event that the issued capital of the Company is reconstructed, all the holder's rights as a holder of Performance Rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the holder's economic and other rights are not diminished or terminated.
- (l) **(Dividend and voting rights):** The Performance Rights do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.
- (m) **(Shares issued on exercise):** All Shares issued upon the exercise of Performance Rights will upon issue rank pari passu in all respects with the then Shares of the Company.
- (n) **(Timing of issue of Shares and quotation of Shares on exercise):** As soon as practicable after the issue of a Notice of Exercise by the CEO in accordance with the Plan, the Company will:
  - (i) issue, allocate or cause to be transferred to the CEO the number of Shares to which the CEO is entitled under the Plan;
  - (ii) issue a substitute Certificate for any remaining unexercised Performance Rights held by the CEO;
  - (iii) if required and subject to paragraph (o), give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules and subject to the expiry of any restriction period that applies to the Shares under the Corporations Act or the Listing Rules.
- (o) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (p) **(Leavers):** The CEO will become a "Leaver" when the CEO ceases employment, engagement or office with the Company or any of its subsidiaries. Where the CEO becomes a Leaver, all unvested Performance Rights will automatically be forfeited, unless the Board otherwise determines in its discretion to permit some or all of the Performance Rights to vest.
- (q) **(Change of Control Event):** Upon the occurrence of a Change of Control Event:
  - (i) any unvested Performance Rights will automatically vest; and
  - (ii) to the extent Performance Rights have not been converted into Shares following satisfaction of a Milestone, Performance Rights will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Performance Rights then on issue in the Company, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue at that time. Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.



## 8.4 SUMMARY OF THE COMPANY'S EMPLOYEE SECURITIES INCENTIVE PLAN

The African Gold Ltd Employee Securities Incentive Plan (**Plan**) was adopted by the Board on 17 April 2018. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below:

- (a) **(Eligible Participant):** Eligible Participant means a person that:
- (i) is an “eligible participant” (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
  - (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.
- (b) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
  - (ii) link the reward of Eligible Participants to Shareholder value creation; and
  - (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
- (c) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
- (d) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.
- On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
- (e) **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
- (f) **(Terms of Convertible Securities):** Each ‘Convertible Security’ represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.
- (g) **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.
- (h) **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

“Market Value” means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (i) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (j) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
  - (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (k) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (l) **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (Plan Shares) will rank *pari passu* in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- (m) **(Disposal restrictions on Plan Shares):** If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
  - (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

- (n) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

- (o) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

- (p) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (q) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

## 8.5 EFFECT OF THE OFFERS ON CONTROL AND SUBSTANTIAL SHAREHOLDERS

Those Shareholders (and their associates) holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows. See Section 2.2 for further details on each of the Shareholders' holdings as listed in the tables below.

NAME	SHARES	% SHAREHOLDING <sup>1</sup>
Steve Parsons <sup>2</sup>	5,500,001	22.7
Tolga Kumova <sup>3</sup>	5,500,000	22.7
Kingslane Pty Ltd as trustee for the Cranston Super Pension Account <sup>4</sup>	5,500,000	22.7

Notes:

- Assuming that there are 24,200,001 Shares on issue and no further Shares are issued or Securities exercised.
- Mr Parsons is a related party of the Company by virtue of being a Director and holds his interests in the Securities indirectly through associated entity Symorgh Investments Pty Ltd as trustee for the Symorgh Account.
- Kumova is a related party of the Company by virtue of being a Director and holds his interests in the Securities indirectly through associated entity Kitara Investments as trustee for the Kumova Family Account.
- Kingslane Pty Ltd is a related party of the Company by virtue of being controlled by the parents of Director Evan Cranston, however Mr Cranston is not an associate of Kingslane Pty Ltd as his parents make their own independent investment decisions and he has no control over this.

Based on the information known as at the date of this Prospectus, on Admission the following persons (and their associates) will have an interest in 5% or more of the Shares on issue:

NAME	SHARES	% SHAREHOLDING <sup>1</sup>
Steve Parsons <sup>2</sup>	5,500,001	10.0
Tolga Kumova <sup>3</sup>	5,500,000	10.0
Kingslane Pty Ltd as trustee for the Cranston Super Pension Account <sup>4</sup>	5,500,000	10.0
Redstar Resources Limited <sup>5</sup>	4,125,000	7.51

**Notes:**

1. Assuming that there are 54,950,001 Shares on issue and no further Shares are issued or Securities exercised.
2. Mr Parsons is a related party of the Company by virtue of being a Director and holds his interests in the Securities indirectly through associated entity Symorgh Investments Pty Ltd as trustee for the Symorgh Account.
3. Mr Kumova is a related party of the Company by virtue of being a Director and holds his interests in the Securities indirectly through associated entity Kitara Investments as trustee for the Kumova Family Account.
4. Kingslane Pty Ltd is a related party of the Company by virtue of being controlled by the parents of Director Evan Cranston, however Mr Cranston is not an associate of Kingslane Pty Ltd as his parents make their own independent investment decisions and he has no control over this.
5. Redstar Resources Limited is a Vendor.

## 8.6 INTERESTS OF PROMOTERS, EXPERTS AND ADVISERS

**(a) No interest except as disclosed**

Other than as set out below or elsewhere in this Prospectus, no persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or held at any time during the last 2 years, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

**(b) Share Registry**

Computershare Investor Services Pty Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

**(c) Auditor**

Grant Thornton Audit Pty Ltd has been appointed to act as auditor to the Company. The Company estimates it will pay Grant Thornton a total of \$22,500 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Grant Thornton Audit Pty Ltd has not provided services to the Company.

**(d) Australian Solicitors**

Bellanhouse has acted as the Australian Solicitors to the Company in relation to the Offers. The Company estimates it will pay Bellanhouse Lawyers approximately \$46,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Bellanhouse has not provided services to the Company.

**(e) Ivorian Solicitors**

John W Fooks & Co has acted as the Ivorian Solicitors to the Company in relation to the Offers and has prepared the Solicitor's Report which is included in Annexure B of this Prospectus. The Company estimates it will pay John W Fooks & Co approximately \$34,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, John W Fooks & Co has not provided services to the Company.

**(f) Independent Geologist**

Mr Shane Hibbird has acted as Independent Geologist and has prepared the Independent Geologist's Report which is included in Annexure C of this Prospectus. The Company estimates it will pay Mr Hibbird a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Mr Hibbird has not provided services to the Company.

**(g) Investigating Accountant**

Grant Thornton Corporate Finance Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A of this Prospectus. The Company estimates it will pay Grant Thornton Corporate Finance Pty Ltd a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Grant Thornton Corporate Finance Pty Ltd has not provided services to the Company.

## 8.7 CONSENTS

**(a) General**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to below:

- (i) does not make the Offers;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

**(b) Share Registry**

Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

**(c) Auditor**

Grant Thornton Audit Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as auditor of the Company in the form and context in which it is named.

**(d) Australian Solicitors**

Bellanhouse has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Australian Solicitors to the Company in the form and context in which it is named.

**(e) Ivorian Solicitors**

John W Ffooks & Co has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Ivorian Solicitors to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Solicitor's Report in the form and context in which it is included.

**(f) Independent Geologist**

Mr Shane Hibbird has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, his written consent to being named in this Prospectus as the Independent Geologist to the Company in the form and context in which he is named and has given and not withdrawn his consent to the inclusion of the Independent Geologist's Report in the form and context in which it is included.

**(g) Investigating Accountant**

Grant Thornton Corporate Finance Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Limited Assurance Report in the form and context in which it is included.

## 8.8 EXPENSES OF THE OFFERS

The total approximate expenses of the Offers payable by the Company are:

ITEMS OF EXPENDITURE	AMOUNT (\$'000)
ASX quotation and ASIC lodgement fee	92
Tenement acquisition costs <sup>1</sup>	120
Legal fees	80
Investigating Accountant fees	10
Independent Geologist fees	10
Printing, postage and administration fees	10
Brokerage fees <sup>2</sup>	225
<b>TOTAL</b>	<b>547</b>

**Notes:**

1. Pursuant to the Acquisition Agreement, the Vendors have agreed to sell the Tenements to the Company for aggregate consideration of 8.25 million Shares valued at the Offer Price of \$0.20 each, plus a \$30,000 cash payment and up to a further \$50,000 cash payment as reimbursement of previous expenditure. Please refer to Sections 2.1 and 7.2 for further details relating to the Acquisition Agreement. The Company has also agreed to reimburse approximately \$40,000 of on-ground costs and option fees to an entity related to Director Steve Parsons pursuant to the Reimbursement Deed. Please refer to Section 7.3 for further details relating to the Reimbursement Deed.
2. The Company reserves the right to pay a commission of up to 5% (exclusive of GST) to selected brokers who assist with the capital raising under the Public Offer. Refer to Sections 1.16 and 1.17.

## 8.9 CONTINUOUS DISCLOSURE OBLIGATIONS

Following Admission, the Company will be a “disclosing entity” (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

## 8.10 LITIGATION

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company or Golden Ivoire SARL is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

## 8.11 ELECTRONIC PROSPECTUS

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Securities in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

## 8.12 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company: this Prospectus; the Constitution; and the consents referred to in Section 8.7 of this Prospectus.

## 8.13 STATEMENT OF DIRECTORS

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 5, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.



# 9. AUTHORISATION

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in grey ink, appearing to read 'SP' followed by a stylized flourish and a period.

**Steve Parsons**  
**Executive Director**  
Dated: 6 December 2018

# GLOSSARY OF TERMS

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**Acquisition** means the acquisition of Golden Ivoire SARL in accordance with the Acquisition Agreement.

**Acquisition Agreement** means the agreement dated 23 March 2018 between the Company and the Vendors for the purchase of 100% of the issued capital of Golden Ivoire SARL by the Company, as amended.

**Admission** means admission of the Company to the Official List, following completion of the Offers.

**Advisor Offer** means the offer by the Company pursuant to this Prospectus of up to 9,750,000 Advisor Options at an issue price of \$0.0001 each to advisors of the Company (or their respective nominees) in consideration for capital raising services provided to the Company.

**Advisor Options** means up to 9,750,000 Options exercisable at \$0.20 each and expiring 3 years from the date of grant, to be issued under the Advisor Offer on the terms set out in Section 8.2.

**Allotment Date** means the date, as determined by the Directors, on which the Securities offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.

**Applicant** means a person who submits an Application Form.

**Application** means a valid application for Securities pursuant to this Prospectus.

**Application Form** means the relevant application form for an Offer provided by the Company with a copy of this Prospectus.

**Application Monies** means application monies for Securities under the Offers received and banked by the Company.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**ASX Settlement Rules** means ASX Settlement Operating Rules of ASX Settlement.

**Blue Leaf** means Blue Leaf Corporate Pty Ltd (ACN 168 827 601).

**Board** means the board of Directors of the Company as at the date of this Prospectus.

**CHESS** means the Clearing House Electronic Sub-register System operated by ASX Settlement.

**Closing Date** means the date that the Offers close which is 5:00pm (WST) on 14 January 2019 or such other time and date as the Board determines.

**Company** means African Gold Ltd (ACN 624 164 852).

**Company Secretary** means the secretary of the Company.

**Consideration Shares** means the 8,250,000 Shares to be issued to the Vendors (or their nominees) pursuant to the Acquisition Agreement.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**Electronic Prospectus** means the electronic copy of this Prospectus located at the Company's website [www.african-gold.com](http://www.african-gold.com).

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

**Golden Ivoire SARL** means Golden Ivoire SARL (CI-ABJ-2016-B-00830), a private *société à responsabilité limitée* entity incorporated in Côte d'Ivoire.

**Group** means the Company and its wholly-owned subsidiary, Golden Ivoire SARL.

**GST** means Goods and Services Tax.

**Independent Geologist** means Mr Shane Hibbird.

**Independent Geologist's Report** means the report contained in Annexure B prepared by the Independent Geologist.

**Independent Limited Assurance Report** means the report contained in Annexure A prepared by the Investigating Accountant.

**Indicative Timetable** means the indicative timetable for the Offers on page vii of this Prospectus.

**Investigating Accountant** means Grant Thornton Corporate Finance Pty Limited (ACN 003 265 987).

**Ivorian Solicitors** means John W Ffooks & Co.

**JORC Code** means the 2012 Edition of the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

**Listing Rules** means the listing rules of ASX.

**Management Options** means the 35,000,000 Options exercisable at \$0.20 each on or before 17 April 2023 issued to Directors and key management personnel on the terms set out in Section 8.2.

**Minimum Subscription** means the raising of \$4,500,000 pursuant to the Public Offer.

**Mining Code** means Côte d'Ivoire Law No. 2014-138 of 24 March 2014.

**Offer Price** means \$0.20 per Share under the Public Offer.

**Offers** means the Public Offer and/or the Advisor Offer, as applicable.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the Listing Rules.

**Opening Date** means the date specified as the opening date of the Offers in the Indicative Timetable.

**Option** means an option to acquire a Share.

**Performance Rights** means any one of a Class A Performance Right or Class B Performance Right to be granted on the terms set out in Section 8.3.

**Prospectus** means this prospectus dated 6 December 2018.

**Public Offer** means the offer by the Company, pursuant to this Prospectus, of 22,500,000 Shares at the Offer Price to raise \$4,500,000.

**Registry** means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

**Reimbursement Deed** means the letter deed between the Company and Newgen Minerals Pty Ltd (ACN 618 473 448), a summary of which is set out in Section 7.3.

**Section** means a section of this Prospectus.

**Securities** means any securities, including Shares, Options and Performance Rights, issued or granted by the Company.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of one or more Shares.

**Solicitor's Report** means the corporate due diligence report and the mining due diligence report contained in Annexure B prepared by the Ivorian Solicitors.

**Tenements** means the tenements described at Section 2.4.

**Vendors** means Redstar Resources Limited (company number 112859C), Mr Mohamed Niare, and Berringer Limited (company number 007607V).

**WST** means Western Standard Time, being the time in Perth, Western Australia.

# ANNEXURE A - INDEPENDENT LIMITED ASSURANCE REPORT



Board of Directors  
African Gold Limited  
Suite 3, Level 3, 24 Outram Street  
West Perth WA 6005

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**Grant Thornton Corporate  
Finance Pty Ltd**  
Central Park  
Level 43  
152 - 158 St Georges Terrace  
Perth WA 6000  
T +61 8 9480 2000

5 December 2018

Dear Directors,

## **INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION AND THE PRO FORMA HISTORICAL FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE**

### **Introduction**

We have been engaged by African Gold Limited ('African Gold', or the 'Company') to report on the Historical Financial Information and the Pro forma Historical Financial Information of the Company and its pro forma subsidiary Golden Ivoire SARL ("Golden Ivoire") for inclusion in the Prospectus (the 'Prospectus') to be dated on or about 5 December 2018, relating to the issue of ordinary shares in the Company (the "Offer").

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified. Grant Thornton Corporate Finance Pty Ltd ('Grant Thornton Corporate Finance') holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

### **Scope**

You have requested Grant Thornton Corporate Finance to report on the following Historical Financial Information included in the Prospectus:

### **Historical Financial Information**

The Historical Financial Information, as set out in the Prospectus comprises:

- Summary audited historical profit or loss and other comprehensive income statements of Golden Ivoire for the period from its date of incorporation to 31 December 2016 and the 12 months ended 31 December 2017;

- Summary reviewed historical profit or loss and other comprehensive income statements of African Gold from its date of incorporation to 30 June 2018 and Golden Ivoire for the half-year periods ended 30 June 2017 and 30 June 2018;
- Summary audited historical statements of cash flow of Golden Ivoire for the period from its date of incorporation to 31 December 2016 and the 12 months ended 31 December 2017;
- Summary reviewed historical statements of cash flow of African Gold from its date of incorporation to 30 June 2018 and Golden Ivoire for the half-year periods ended 30 June 2017 and 30 June 2018;
- Summary audited historical statements of financial position of Golden Ivoire as at 31 December 2017 and as at 31 December 2016; and
- Summary reviewed historical statements of financial position of African Gold and Golden Ivoire as at 30 June 2018;

The Historical Financial Information of Golden Ivoire has been extracted from the financial statements which were audited for 31 December 2017 and 31 December 2016 and reviewed for the half-year ended 30 June 2018 by Grant Thornton Audit Pty Ltd. Unmodified opinions with an Emphasis of Matter paragraph pertaining to a material uncertainty with respect to the subsidiary's ability to continue as a going concern were issued by Grant Thornton Audit Pty Ltd for the 31 December 2017 and 31 December 2016 periods.

An unmodified conclusion with an Emphasis of Matter paragraph pertaining to a material uncertainty with respect to the subsidiary's ability to continue as a going concern was issued by Grant Thornton Audit Pty Ltd for the half-year period ended 30 June 2018 period.

The Historical Financial Information of African Gold has been extracted from the financial statements which were reviewed for the half-year ended 30 June 2018 by Grant Thornton Audit Pty Ltd. An unmodified conclusion with an Emphasis of Matter paragraph pertaining to a material uncertainty with respect to the ability of the Company to continue as a going concern was issued by Grant Thornton Audit Pty Ltd for that period.

#### ***Pro forma Financial Information***

- The Pro forma historical statement of financial position as at 30 June 2018 which assumes completion of the proposed transactions outlined under the pro forma transactions section of the 'Financial Information' section which includes the Offer (the 'Pro Forma Transactions') as though they had occurred on that date.

(Hereafter the "Historical Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in the Section headed “Financial Information” under the heading “pro forma transactions”, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the company’s actual or prospective financial position, financial performance, or cash flows.

The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the Corporations Act 2001.

This report has been prepared for inclusion in the Prospectus. Grant Thornton Corporate Finance disclaim any assumption of responsibility for any reliance on this report or on the Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Prospectus.

### **Directors’ Responsibility**

The Directors of the Company are responsible for the preparation and presentation of the Historical Financial Information. The Directors are also responsible for the determination of the Pro Forma Transactions set out in the ‘Financial Information’, under the heading “pro forma transactions” and the basis of preparation of the Historical Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatement.

### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450: “*Assurance Engagements involving Corporate Fundraisings and/ or Prospective Historical Financial Information*” and ASAE 3420: “*Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information*”. Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Historical Financial Information.

These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently do not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

### **Conclusion**

#### ***Historical Financial Information***

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information as described in the ‘Financial Information’ section of the Prospectus does not present fairly:

- The summary audited historical profit or loss and other comprehensive income statements of Golden Ivoire for the period from its date of incorporation to 31 December 2016 and the 12-month period ended 31 December 2017;
- The summary reviewed profit or loss and other comprehensive income statements of African Gold from its date of incorporation to 30 June 2018 and Golden Ivoire for the half-year periods ended 30 June 2017 and 30 June 2018;
- The summary audited historical statements of cash flow of Golden Ivoire for the period from its date of incorporation to 31 December 2016 and the 12-month period 31 December 2017;
- The summary reviewed historical statements of cash flow of African Gold from its period of incorporation to 30 June 2018 and Golden Ivoire for the half-year periods ended 30 June 2017 and 30 June 2018;
- The summary audited historical statements of financial position of Golden Ivoire as at 31 December 2016 and 31 December 2017;
- The summary reviewed historical statements of financial position of Golden Ivoire and African Gold as at 30 June 2018;
- The pro forma historical consolidated statement of financial position as at 30 June 2018; and
- The Pro Forma Transactions set out under the heading “pro forma transactions” of the ‘Financial Information’ section are a reasonable basis for the pro forma consolidated statement of financial position as at 30 June 2018;

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements under the Australian Accounting Standards as if the Pro Forma Transactions, set out in the ‘Financial Information’ section under the heading “pro forma transactions”, had occurred at 30 June 2018.

### **Restriction on Use**

Without modifying our conclusion, we draw attention to the ‘Financial Information’ section, which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

### **Consent**

Grant Thornton Corporate Finance has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

### **Liability**

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.



### Independence or Disclosure of Interest

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Accountants Report.

Yours faithfully

GRANT THORNTON  
CORPORATE FINANCE PTY LTD



Harley Mitchell  
Authorised Representative  
Brisbane, Australia

GRANT THORNTON  
AUDIT PTY LTD



Matthew Hingeley  
Partner – Audit and Assurance  
Perth, Australia

## Appendix A (Financial Services Guide)

This Financial Services Guide is dated 5 December 2018.

### 1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by African Gold Limited (the "Company") to provide general financial product advice in the form of an Independent Limited Assurance Report (the Report) in relation to the offer of fully paid ordinary shares in the Company (the Issue). This report is included in the Prospectus dated on or about 5 December 2018 (the "Prospectus"). You have not engaged us directly but have been provided with a copy of the report as a retail client because of your connection to the matters set out in the report.

### 2 This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

### 3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

### 4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail finance product advice directly to retail investors nor does it provide market related advice directly to retail investors.

### 5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity who engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee of \$10,000 plus GST which is based on commercial rates plus reimbursement of out of pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, and related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receives non monetary benefits in respect of, or that is attributable to the provision of the services described in this FSG.

## **6 Referrals**

Grant Thornton Corporate Finance including its Partners, Directors, employees or associates and related bodies corporate, does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

## **7 Associations with issuers of financial products**

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business. Grant Thornton Audit Pty Ltd is the auditor of the Company.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

## **8 Complaints**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the National Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint.

If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## **9 Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

## 10 Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

National Head of Corporate Finance  
Grant Thornton Corporate Finance Pty Ltd  
Level 17, 383 Kent Street  
Sydney, NSW, 2000

## ANNEXURE B - SOLICITOR'S REPORT

03 December 2018

To:

From:

**African Gold Limited**

24 Outram Street, West Perth

Western Australia 6005

(By email only: [mjc@bellanhouse.com](mailto:mjc@bellanhouse.com))**John W Ffooks & Co**

Immeuble Assist

Ivandry

Antananarivo 101

Madagascar

**t** + 261 20 224 3247**f** +261 20 224 3248**[www.jwflegal.com](http://www.jwflegal.com)**Golden Ivoire SARL - Corporate Due Diligence (the "**Report**") – Ivory Coast**CONFIDENTIAL**

Dear Sirs,

We have acted as the Ivorian legal adviser to African Gold Limited, a company incorporated in Australia, in connection with its acquisition of Golden Ivoire SARL ("**Golden Ivoire**"), a company incorporated in Ivory Coast (the "**Transaction**"). The Transaction would entail a change of control within Golden Ivoire. The opinions contained in this Report are correct as of 03 December 2018 and are subject to the caveats contained herein.

**1. Purpose**

- 1.1. We have been requested to issue the Report on the corporate good standing of Golden Ivoire.
- 1.2. This Report covers the following items:
  - 1.2.1. Conclusions and Opinions;
  - 1.2.2. Relevant laws;
  - 1.2.3. Legal review;
  - 1.2.4. Applicable law;
  - 1.2.5. Assumptions, Qualifications and Limitations;
  - 1.2.6. Incorporation and good standing of Golden Ivoire; and
  - 1.2.7. Schedules.

## 2. Conclusions and Opinions

- 2.1. There are two (2) essential steps for a company to be able to exist and operate. As at the date of this Report, and according to the Relevant Documents, we are of the view that Golden Ivoire has completed these:
  - Golden Ivoire is correctly registered with the RCCM under the reference CI-ABJ-2016-B-00830; and
  - Golden Ivoire has registered for tax, as evidenced by its tax registration number 1610268 W.
- 2.2. Golden Ivoire:
  - 2.2.1. is validly incorporated in Ivory Coast;
  - 2.2.2. is in good standing;
  - 2.2.3. is able to sue and be sued in its own name;
  - 2.2.4 has the corporate power and authority under such laws to conduct its business; and
  - 2.2.5 is in compliance with its memorandum and articles of association.
- 2.3. On completion of the Transaction; African Gold will hold title to 100% of the shares in Golden Ivoire pursuant to the Share Purchase Agreement entered into between African Gold and Golden Ivoire;
- 2.4. Apart from the Ministerial consent in 7.8 below, there are no third party or regulatory approvals or consents required in order for African Gold to hold title to all the shares in Golden Ivoire on completion of the Transaction.
- 2.5. There are no winding up orders or other claims or petitions current or pending against Golden Ivoire;
- 2.6. The manager of Golden Ivoire confirmed that as of 12 November 2018 Golden Ivoire is not involved in any court disputes; and
- 2.7. There are no registered pledges or other charges over Golden Ivoire assets.

## 3. Relevant Laws

In issuing this Report, we have made particular reference to the following Act:

- 3.1. Ohada Uniform act on Companies dated 30 January 2014 (“**Companies Act**”);
- 3.2. Law No. 2014-138 of 24 March 2014 relating to mining code (“**Mining Code**”); and
- 3.3. Decree No. 2014-397 of 25 June 2014 implementing the Mining Code.

#### 4. Legal Review

- 4.1. For the purpose of issuing this Report we have reviewed and relied upon only the documents listed in Schedule 1 (the “**Relevant Documents**”) (either in the original or in the form of a copy) and completed only the searches and enquiries referred to in Schedule 2 to this Report. In particular, we have not examined any documents (other than the Relevant Documents) referred to in or incorporated by reference (whether in whole or in part) in the Relevant Documents, or any other person or any corporate records or constitutional documents of the aforesaid, and this Report is confined to the Relevant Documents only and no opinions are expressed as to any other agreements or documents.
- 4.2. The opinions given in this Report are strictly limited to the matters stated in paragraphs 2 and 7 and do not extend, whether, expressly, impliedly, tacitly or otherwise, to any other matters.
- 4.3. We have not made searches and enquiries other than the Searches and Enquiries listed in Schedule 2 of this Report.
- 4.4. Insofar as we examined originals, we assume that these have been correctly executed and in respect of copies of such originals we assume that any such copies are true and accurate copies.
- 4.5. We assume that the parties took steps by resolution or otherwise to ensure that their signature of the documents executed during the course of the transaction constitutes a valid, legally binding and enforceable obligation on them under the laws by which each are expressed to be governed.

#### 5. Applicable Law

- 5.1. This Report and the opinions given in it are governed by Ivorian law and relates only to Ivorian law as applied by the Ivorian courts as at the date of this Report (and expressly excluding unpublished case law). To the extent any opinion expressed in this Report relates to a future event, it is expressed on the assumption that Ivorian law will remain the same on any relevant future date as that in existence as at the date of this Report and, accordingly, no opinion is given that the future or continued performance of the obligations of any of the parties to the Relevant Documents or the consummation of the transactions contemplated in any of the Relevant Documents will not contravene Ivorian law if such law is altered. We express no opinion in this on the laws of any other jurisdiction and no opinion on matters of fact.
- 5.2. To the extent to which any obligation under any Relevant Document is to be governed by the laws of any jurisdiction other than Ivory Coast and/or is to be performed in any jurisdiction other than Ivory Coast, we have made no independent investigation thereof and our opinion is subject to the effect of such laws and we have assumed that the parties' obligations in the Relevant Documents will be legal, valid, binding and enforceable under the laws of that jurisdiction and that its performance will not violate public policy of any jurisdiction.



## 6. Assumptions, Qualifications and Limitations

- 6.1. The opinions given in this Report are given on the basis of the assumptions set out in Schedule 3 (Assumptions) (the Assumptions) and are subject to the qualifications set out in Schedule 4 (Qualifications) (the Qualifications) to this Report.
- 6.2. No Qualification or Assumption shall in any way derogate from or limit the generality of any other Qualification or Assumption.
- 6.3. The opinions given in this Report are subject to the limitations set out in Schedule 5 (Limitations) (the Limitations) to this Report.

## 7. Incorporation and good standing of Golden Ivoire

### 7.1. Incorporation

We have reviewed an extract from the companies registry (the “**RCCM Extract**”) dated 02 November 2018 on which basis Golden Ivoire is incorporated, existing and registered with the Abidjan RCCM under the reference number CI-ABJ-2016-B-00830.

### 7.2. Date of formation and legal form of Golden Ivoire

Golden Ivoire has been created in the form of a *Société à Responsabilité Limitée* or *SARL* on 08 January 2016.

### 7.3. Tax registration of Golden Ivoire

Golden Ivoire is duly registered for tax purposes as evidenced by its tax registration number 1610268 W.

Golden Ivoire has filed its *Attestation de Situation Fiscale* for the years ended 31 December 2016 and 31 December 2017. These documents confirm that Golden Ivoire has no income tax obligations for the respective periods as indicated by Part 2 of the documents. The documents have been stamped as received by the local tax authority in the Ivory Coast further confirming that the documents was appropriately lodged and received.

This filing also completes all local reporting obligations (including the financial statements) of Golden Ivoire from a statutory perspective for the financial years ended 31 December 2016 and 31 December 2017.

#### 7.4. Share capital

Golden Ivoire has an authorised share capital of FCFA 20,000,000 (approx. US\$ 35,000), divided into two hundred (2,000) shares with a par value of FCFA 10,000 (approx. US\$ 17) each.

#### 7.5. Insolvency enquiries pertaining to Golden Ivoire

The insolvency enquiries pertaining to Golden Ivoire dated 02 November 2018 revealed no resolutions or orders for its winding-up or the commencement of any business rescue proceedings in relation to it.

#### 7.6. Disputes involving Golden Ivoire

As of 12 November 2018, the manager of Golden Ivoire confirmed that Golden Ivoire is not involved in any court disputes.

#### 7.7. Charges and encumbrances over Golden Ivoire's assets

The security searches at the Abidjan RCCM revealed that as of 02 November 2018, there were no pledges or other charges and encumbrances over Golden Ivoire's assets.

#### 7.8. Shareholding

Based on article 6 of the memorandum and articles of association (the "*Statuts*") of Golden Ivoire, the shareholding of Golden Ivoire as of the date of this Report is as follows:

- Redstar Resources Limited 1080 shares;
- Niare Mohamed 700 shares; and
- Berringer Limited 220 shares

Total of 2,000 shares with a par value of FCFA 10,000 (approx. US\$ 17) each.

Please note that Golden Ivoire is registered under the form of a SARL. A SARL does not have a share register or register of members. All shareholders must be listed in the memorandum and articles of association.

Pursuant to the Share Sale Agreement, Redstar Resources Limited, Niare Mohamed and Berringer Limited agreed to transfer their shares to African Gold.

Pursuant to Article 8 in fine of the Decree implementing the Mining Code, approval of the Minister of Mines must be sought for the change of control of a company which holds exploration permits.

Based on the above, the transfer of shares in Golden Ivoire is effective once the approval of the Ministry of Mines is obtained. We have asked the manager of Golden Ivoire on the current status of the ministerial approval application and have been advised that the application dossier

has been filed at the Ministry of Mines. In practice, the issuance of ministerial approval is subject to administrative delay and it is difficult to put any sort of timeframe as when such approval will be obtained. From a pure legal perspective, we do not foresee any reason why the ministerial approval would not be obtained.

In all cases, in the event that the Ministerial consent is not obtained, African Gold shall continue to have its contractual rights and an equitable lien under the share purchase agreement entered into between African Gold and Golden Ivoire, as follows:

- African Gold shall have exclusive possession of and unfettered access to the exploration permits;
- African Gold shall have the right to explore, prospect, sample, drill, mine or do any further or other act or thing for all minerals, the rights to which are for the time being the subject of the exploration permits;
- African Gold shall have the right to take away such amount of minerals, ore and samples from the exploration permits as African Gold may consider necessary or desirable; and
- African Gold shall have full and exclusive control and discretion in the prospecting, investigation, development and exploitation of the exploration permits.

#### 7.9. Corporate purposes of Golden Ivoire

Golden Ivoire has been set up to carry out the following:

- Mining exploration, exploitation and exportation of mining resources;
- Artisanal mining exploitation (small and large scales);
- Training and promotion of the mining sector as well as mining exploitation technology;
- Advice, assistance, engineering and provision of services in the exploitation, sale and mining transformation;
- Importation, exportation and sale of all items and products required for the exploration, exploitation, possession, transport and mining transformation;
- Possession of all mining rights, prospection, exploration of all mining substances as well as the performance of all studies required for mining exploitation; and

And more generally, any commercial, industrial, financial, movable or immovable that are linked directly or indirectly to the above or any ancillary activity which are in favour, directly or indirectly, of the purpose of the company.

#### 7.10. Registered office of Golden Ivoire

The registered office of Golden Ivoire is stated in article 4 of its *Statuts* to be Abidjan Codody Les deux plateaux 7ème tranche, 06 BP 461 Abidjan 06.

7.11. Life of Golden Ivoire

Article 5 of the *Statuts* of Golden Ivoire states that the duration of Golden Ivoire is ninety nine (99) years starting from the date of its incorporation.

7.12. Management

Niare Mohamed is Golden Ivoire's *Gérant* (i.e. manager) and has been appointed in Golden Ivoire's *Statuts* (article 17) for an indefinite duration.

Yours faithfully,

A handwritten signature in black ink, consisting of the letters 'JWF' in a stylized, cursive font.

**John W Ffooks & Co**

## SCHEDULE 1

### RELEVANT DOCUMENTS

1. *Statuts* of Golden Ivoire SARL, registered on 15 December 2016;
2. RCCM Extract dated 02 November 2018;
3. Office lease agreement dated 22 December 2015;
4. Tax compliance certificate for the financial year 2016 dated 21 June 2017;
5. Tax compliance certificate for the financial year 2017 dated 11 May 2018;
6. Evidence of filing of financial statement dated 30 May 2017 for the financial year 2016;
7. Evidence of filing of financial statement dated 20 September 2018 for the financial year 2017;
8. Acknowledgment receipt of the tax authority evidencing the filing of financial statement in connection with the 2017 financial year;
9. Certificate of non pledge dated 02 November 2018;
10. Certificate of non insolvency dated 02 November 2018;
11. Document request list commented by the manager of Golden Ivoire on 27 January 2018;
12. Share Sale Agreement entered into between Golden Ivoire, Redstar Resources Limited, Mohamed Niare and Berringer Limited;
13. Amendment to the Share Sale Agreement dated 1 November 2018;
14. Shareholders minutes dated 11 June 2018 approving the transfer of shares of Redstar Resources Limited, Mohamed Niare and Berringer Limited to African Gold; and
15. Email from Mohamed Niare dated 13 November 2018.

## **SCHEDULE 2**

### **SEARCHES AND ENQUIRIES**

- 1.** We have initiated and examined the results of all appropriate searches of the relevant records of the companies registry of Abidjan with respect to any insolvency or winding up proceedings or any charges or encumbrances over Golden Ivoire's assets;
- 2.** Unless expressly stated in this report, we have not initiated any search at any other Courts or public registry in Ivory Coast in respect of Golden Ivoire.

### **SCHEDULE 3**

### **ASSUMPTIONS**

The opinions in this Report have been given on the following assumptions:

1. Original and Genuine Documentation

- 1.1. All signatures, stamps and seals on all documents and instruments submitted to us for the purposes of this Report are genuine and authentic.
- 1.2. All copy documents (whether in the form of certified copies, photocopies, conformed copies or facsimile copies or extracts) submitted to us and/or examined by us for the purposes of this Report are complete and conform to the originals.
- 1.3. All original documents submitted to us for the purposes of this Report are complete, authentic and up-to-date.
- 1.4. Where we have been provided with only signature pages of any document, the original signed version of such document does not differ from the last full version of such document provided to us.
- 1.5. All translations of any document submitted to us for the purposes of this Report are accurate.
- 1.6. The Memorandum and Articles of Association of Golden Ivoire which we examined for the purposes of this Report are in force as of the date of this Report and are not subject to any amendment whatsoever.

2. Validity of RCCM Extract

- 2.1. All of the shareholders referred to in the Status are accurate.
- 2.2. The details on the manager of Golden Ivoire in the in the RCCM Extract are accurate and up-to-date.

3. Other

- 3.1. Other than such matters as are the subject matter of this Report, all representations and statements as to factual matters expressed in the Relevant Documents we have examined for the purposes of this Report are true, accurate and correct.
- 3.2. Golden Ivoire was able to pay its debts at the time of entering into any of the Relevant Documents to which it is a party and will not become unable to pay its debts as a result of entering into or performing its obligations under the Relevant Documents to which it is a party. Golden Ivoire has not passed a resolution for its winding-up or the commencement of business rescue proceedings and no analogous procedure or step has been taken in any jurisdiction in relation to Golden Ivoire.
- 3.3. There is no other fact, matter or document which would, or might, affect the opinions set out in this Report and which was not revealed by the Relevant Documents examined or the searches and enquiries made.



## SCHEDULE 4

### QUALIFICATIONS

The opinions in this Report are subject to the following qualifications:

1. any judgement obtained under any foreign law contracts in a court of competent jurisdiction outside Ivory Coast will be recognised and enforced in accordance with ordinary procedure applicable under Ivorian law for the enforcement of foreign judgements, provided that:
  - 1.1. the judgement was final and conclusive, was not obtained by fraud or in any manner opposed to natural justice, that the enforcement of the judgement is not contrary to public policy in Ivory Coast and that the foreign court in question had jurisdiction and competence according to applicable rules on conflicts of laws;
2. if a foreign judgment is obtained or a foreign arbitration award is made, the plaintiff would be required as a matter of Ivorian law, to request an exequatur order in order to obtain recognition and enforcement of such judgment or award in Ivory Coast. The Ivorian courts will recognise and enforce such judgment or award without rehearing the facts and circumstances of the case.
3. The rights and obligations of the parties to any documents submitted to us will be subject to any law from time to time in force relating to liquidation or administration or any other law or legal procedure affecting generally the enforcement of creditors' rights.
4. Sanctions in effect in Ivory Coast may prohibit persons bound by them from having:
  - 4.1. certain types of dealing with specified companies and individuals; or
  - 4.2. dealings involving certain types of goods connected with specified countries.
  - 4.3. We have not carried out any enquiries as to whether any sanctions may apply to the documents submitted to our review, any parties to them, or any transactions, which they contemplate.
5. If any obligation is to be performed in a jurisdiction outside Ivory Coast, it may not be enforceable in Ivory Coast to the extent that performance would be illegal or contrary to public policy under the laws of the other jurisdiction and a Ivory Coast court may take into account the law of the place of performance in relation to the manner of performance and to the steps to be taken in the event of defective performance.
6. Any provision of a document, which constitutes or purports to constitute, a restriction on the exercise of any statutory power by any party to that document or any other person may be ineffective.
7. Notwithstanding any provision of any agreement which purports to state that that agreement is an entire agreement, where agreements are inter-related and inter-connected and refer to each other, the provisions of each of those agreements may be taken into account in the interpretation of the provisions of any such other agreement.

7. We have only conducted searches and enquiries in courts and government records as stated in Schedule 2 and this Report is qualified in this regard.

## SCHEDULE 5

### LIMITATIONS AND LIMITATION OF LIABILITY

#### 1. Limitations

- 1.1. We have not assisted in the investigation or verification of the facts or the reasonableness of any assumptions or statements of opinion contained in any of the Relevant Documents (other than as expressly set as herein) and nor have we attempted to determine whether any material fact has been omitted from any of the Relevant Documents.
- 1.2. We do not advise on any insurance and tax documents or issues involving Golden Ivoire in this Report and this Report is qualified in this regard.
- 1.3. We have taken no steps to investigate or verify, and express no opinion on the accuracy of any statements made in the Relevant Documents in Schedule 1.
- 1.4. We have not taken (save as expressly stated) any steps to independently verify the Assumptions. However we are not aware that any of the Assumptions are misleading.
- 1.5. We have no duty to update this Report or to inform you of any changes to facts or laws occurring after the date of this Report.

#### 2. Limitation of Liability

The opinions given in this Report are given strictly on the basis that all and any claims of any nature (whether arising in contract or in delict) arising as a result of reliance on such opinions shall only be capable of being brought and/or instituted, and may only and exclusively be brought and/or instituted, against John W. Ffooks & Co. (the **Firm**). No director, partner, professional with similar status, consultant, associate or other employee of the Firm or any of its affiliates shall be liable in their personal capacity for any claim whatsoever arising, directly or indirectly, in connection with the opinions given in this Report, and no such claims shall be enforceable against their respective personal estates.

## SCHEDULE 6

### RELIANCE

1. This Report is provided for the purpose described in paragraph 1 (Purpose) above and is addressed to the Addressee solely for its own benefit.
2. This Report may not be disclosed to anyone else without our prior written consent, except that it may be disclosed, but only on the express basis that they may not rely on it, to:
  - 2.1. the officers, employees, auditors and any professional advisers of any Addressee;
  - 2.2. any affiliate of any Addressee and the officers, employees, auditors and professional advisers of any such affiliate;
  - 2.3. as required by any applicable law or court order pursuant to the rules or regulations of any supervisory or regulatory body or in connection with any judicial proceedings if we are notified in writing of such disclosure or filing, unless such notification itself would be contrary to any applicable law or regulation.
3. We assume no duty or responsibility to anyone other than the Addressee in respect of any of the issues addressed in this Report or the transactions referred to herein.

04 December 2018

To:

From:

African Gold Limited  
24 Outram Street, West Perth  
Western Australia 6005  
(By email only: [mjc@bellanhouse.com](mailto:mjc@bellanhouse.com))

**John W Ffooks & Co**

Immeuble Assist  
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**t** + 261 20 224 3247**f** +261 20 224 3248**[www.jwflegal.com](http://www.jwflegal.com)**

Golden Ivoire SARL Mining due diligence (the “**Report**”) – Ivory Coast

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CONFIDENTIAL

Dear Sirs,

We have acted as the Ivorian legal adviser to African Gold Limited, a company incorporated in Australia, in connection with its acquisition of Golden Ivoire SARL (“**Golden Ivoire**”), a company incorporated in Ivory Coast (the “**Transaction**”). Golden Ivoire is the holder of two (2) exploration permits (the “**Exploration Permits**”) and have applied for two additional exploration permits. We have been requested to issue a Report on the good standing of the permits held by Golden Ivoire and the application filed in respect of the additional permits.

The opinions contained in this Report are correct as of 04 December 2018 and are subject to the caveats contained herein.

## 1. Purpose

1.1. This Report covers the following items:

- 1.1.1. Conclusions and Opinions;
- 1.1.2. Relevant laws;
- 1.1.3. Legal review;

- 1.1.4. Applicable law;
- 1.1.5. Assumptions, qualifications and limitations;
- 1.1.6. Good standing of the Exploration Permits;
- 1.1.7. Status of the Exploration Permits; and
- 1.1.8. Schedules

## 2. Conclusions and Opinions

- 2.1. The Exploration Permits are duly registered in the name of Golden Ivoire and are in good standing;
- 2.2. The mining administrative fees for 2017 and 2018 in connection with the Exploration Permits were paid on time;
- 2.3. The applications for two (2) additional exploration permits have been duly filed at the Ministry of Mines. There is currently no indication as to when these permits will be granted to Golden Ivoire.
- 2.4. There are no legal, regulatory, statutory or contractual impediment to African Gold entering the Exploration Permits and carrying out exploration activities on completion of the Transaction. We do not foresee any reason why the Ministerial consent applicable to all Ivorian mining companies in the event of a change of control would not be granted to Golden Ivoire. In all cases, in the event that the Ministerial consent is not obtained, African Gold shall continue to have its contractual rights and an equitable lien under the share purchase agreement entered into between African Gold and Golden Ivoire, as follows:
  - 2.4.1. African Gold shall have exclusive possession of and unfettered access to the Exploration Permits;
  - 2.4.2. African Gold shall have the right to explore, prospect, sample, drill, mine or do any further or other act or thing for all minerals, the rights to which are for the time being the subject of the Exploration Permits;
  - 2.4.3. African Gold shall have the right to take away such amount of minerals, ore and samples from the Exploration Permits as African Gold may consider necessary or desirable; and
  - 2.4.4. African Gold shall have full and exclusive control and discretion in the prospecting, investigation, development and exploitation of the Exploration Permits; and
  - 2.4.5. Third parties does not have any right to apply for a mining permit in connection with any mineral discovered within the perimeter of the Exploration Permits.

## 3. Relevant Laws

In issuing this Report, we have made particular reference to the following laws:

- 3.1. Law No. 2014-138 of 24 March 2014 (The “Mining Code”);
- 3.2. Decree No. 2014-397 of 25 June 2014 implementing the Mining Code; and

3.3. Ordinance 2014-148 of 26 March 2014 relating to fees, royalties and mining taxes.

(Together the “**Laws**”)

#### 4. Legal Review

- 4.1. For the purpose of issuing this Report we have reviewed and relied upon only the documents listed in Schedule 1 (the “**Relevant Documents**”) (either in the original or in the form of a copy) and completed only the searches and enquiries referred to in Schedule 2 to this Report. In particular, we have not examined any documents (other than the Relevant Documents) referred to in or incorporated by reference (whether in whole or in part) in the Relevant Documents, or any other person or any corporate records or constitutional documents of the aforesaid, and this Report is confined to the Relevant Documents only and no opinions are expressed as to any other agreements or documents.
- 4.2. The opinions given in this Report are strictly limited to the matters stated in sections 2, 7; 8 and 9 and do not extend, whether, expressly, impliedly, tacitly or otherwise, to any other matters.
- 4.3. We have not made searches and enquiries other than the Searches and Enquiries listed in Schedule 2 of this Report.
- 4.4. Insofar as we examined originals, we assume that these have been correctly executed and in respect of copies of such originals we assume that any such copies are true and accurate copies.
- 4.5. We assume that the parties took steps by resolution or otherwise to ensure that their signature of the documents executed during the course of the Transaction constitutes a valid, legally binding and enforceable obligation on them under the laws by which each are expressed to be governed.

#### 5. Applicable Law

- 5.1. This Report and the opinions given in it are governed by Ivorian law and relates only to Ivorian law as applied by the Ivorian courts as at the date of this Report (and expressly excluding unpublished case law). To the extent any opinion expressed in this Report relates to a future event, it is expressed on the assumption that Ivorian law will remain the same on any relevant future date as that in existence as at the date of this Report and, accordingly, no opinion is given that the future or continued performance of the obligations of any of the parties to the Relevant Documents or the consummation of the transactions contemplated in any of the Relevant Documents will not contravene Ivorian law if such law is altered. We express no opinion in this on the laws of any other jurisdiction and no opinion on matters of fact.





- 5.2. To the extent to which any obligation under any Relevant Document is to be governed by the laws of any jurisdiction other than Ivory Coast and/or is to be performed in any jurisdiction other than Ivory Coast, we have made no independent investigation thereof and our opinion is subject to the effect of such laws and we have assumed that the parties' obligations in the Relevant Documents will be legal, valid, binding and enforceable under the laws of that jurisdiction and that its performance will not violate public policy of any jurisdiction.

## 6. Assumptions, Qualifications and Limitations

- 6.1. The opinions given in this Report are given on the basis of the assumptions set out in Schedule 3 (Assumptions) (the Assumptions) and are subject to the qualifications set out in Schedule 4 (Qualifications) (the Qualifications) to this Report.
- 6.2. No Qualification or Assumption shall in any way derogate from or limit the generality of any other Qualification or Assumption.
- 6.3. The opinions given in this Report are subject to the limitations set out in Schedule 5 (Limitations) (the Limitations) to this Report.

## 7. Ministerial consent to a change of control

- 7.1. Pursuant to Article 8 in fine of the Decree implementing the Mining Code, approval of the Minister of Mines must be sought for the change of control of a Company which holds exploration permits. Any agreement for the change of control of any such Company must have the approval of the Minister of Mines..
- 7.2. However, as noted in section 2.4, we do not foresee any reason why the ministerial consent applicable to all Ivorian mining companies in the event of a change of control would not be granted to Golden Ivoire. We have asked the manager of Golden Ivoire on the current status of the ministerial approval application and have been advised that the application dossier has been filed at the Ministry of Mines. In practice, the issuance of ministerial approval is subject to administrative delay and it is difficult to put any sort of timeframe as when such approval will be obtained. In all cases, in the event that the ministerial consent is not obtained, African Gold shall continue to have its contractual rights and an equitable lien under the share purchase agreement entered into between African Gold and Golden Ivoire.

## 8. Good standing of the Exploration Permits

### 8.1. Summary table of the permits

Permit Holder	Permit No.	Type	Location	Area (km2)	Date of issue of Permits	Term
Golden	649	Exploration	Agboville-	397	19 October 2016	4 years

Permit Holder	Permit No.	Type	Location	Area (km2)	Date of issue of Permits	Term
Ivoire			Sikensi			
Golden Ivoire	648	Exploration	Agboville	395	25 October 2017	4 years

## 8.2. Application for two (2) additional permits

- Golden Ivoire has lodged an application for a third exploration permit in the Agboville region (Azaguie-Anyama) on 10 April 2017. In order to avoid forestry zones, Golden Ivoire has amended the application request. The amended application request was duly filed on 12 July 2017 by the manager of Golden Ivoire with the Ministry of Mines. Golden Ivoire is currently waiting for the decree granting the third permit in its name.
- Golden Ivoire has lodged an application for a fourth exploration permit in the Agboville and Gomon regions on 10 April 2018. The application request was duly filed on 13 April 2018 by the manager of Golden Ivoire with the Ministry of Mines. Golden Ivoire is currently waiting for the decree granting the fourth permit in its name.
- The Mining Code and its implementing decree do not provide specific provisions in connection with the timeline for delivering permits. Information relating to the progress of the application for the third and fourth permits are not publicly available. We have asked the manager of Golden Ivoire about the current status of the applications and have been advised that it is difficult to put any sort of timeframe as when the third and fourth permits will be delivered.

## 9. Status of the Exploration Permits

### 9.1. Exploration permit 649 (the “**649 Permit**”): registered at the mining registry in the name of Golden Ivoire in respect of the Agboville-Sikensi region for 397 km2.

- The 649 Permit was granted by decree no. 2016-850 dated 19 October 2016;
- The grant of the 649 Permit is made in respect of Gold;
- The 649 Permit is valid for four (4) years and will expire on 18 October 2020. It can be renewed twice for a period of 3 years per renewal. An exceptional renewal may be granted for a period of 2 years to the extent that such exceptional renewal is justified by the need of finalising the feasibility studies;
- The mining administrative fees for 2017 and 2018 have been paid; and
- The activities report in connection with the first semester of 2018 has been duly filed at the Ministry of Mines.

### 9.2. Exploration permit 648 (the “**648 Permit**”): registered at the mining registry in the name of Golden Ivoire in respect of the Agboville region for 395 Km2.

- The 648 Permit was granted by decree no. 2017-688 dated 25 October 2017;
- The grant of the 648 Permit is made in respect of Gold;
- The 648 Permit is valid for four (4) years and will expire on 24 October 2021. It can be renewed twice for a period of 3 years per renewal. An exceptional renewal may be granted for a period of 2 years to the extent that such exceptional renewal is justified by the need of finalising the feasibility studies;
- The mining administrative fees for 2017 and 2018 have been paid; and
- The activities report in connection with the first semester of 2018 has been duly filed at the Ministry of Mines.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'JWF', is written over a light blue rectangular background.

**John W Ffooks & Co**

## **SCHEDULE 1**

### **RELEVANT DOCUMENTS**

In preparing this Report, we have reviewed the following documents:

1. Decree no. 2016-850 dated 19 October 2016 granting exploration permit 649 to Golden Ivoire;
2. Decree no. 2017-688 dated 25 October 2017 granting exploration permit 648 to Golden Ivoire;
3. Payment receipt dated 18 December 2017 evidencing the payment of administrative mining fees in respect of permit 648 for 2017;
4. Payment receipt dated 12 October 2017 evidencing the payment of administrative mining fees in respect of permit 649 for 2017;
5. Application for a third exploration permit dated 10 April 2017 signed by the manager of Golden Ivoire;
6. Payment receipt dated 13 September 2018 evidencing the payment of administrative mining fees in respect of permit 648 for 2018;
7. Payment receipt dated 13 September 2018 evidencing the payment of administrative mining fees in respect of permit 649 for 2018;
8. Amendment to the application for a third exploration permit dated 12 July 2017 signed by the Manager of Golden Ivoire;
9. Application for a fourth exploration permit dated 10 April 2018 signed by the manager of Golden Ivoire; First page of the activity report on permit 648 and permit 649 for 2017 stamped by the Ministry of Mines;
10. First page of the activities report on permit 648 and permit 649 for the first semester of 2018 stamped by the Ministry of Mines;
11. Extract of the official gazette evidencing the publication of Decree no. 2016-850 dated 19 October 2016 granting exploration permit 649 to Golden Ivoire; and
12. Extract of the official gazette evidencing the publication of Decree no. 2017-688 dated 25 October 2017 granting exploration permit 648 to Golden Ivoire.

## **SCHEDULE 2**

### **SEARCHES AND ENQUIRIES**

1. We have initiated and examined the results of all appropriate searches of the relevant records of the mining registry with respect to the current status of the Permits held by Golden Ivoire.
2. We have not initiated any search at any other administrative records apart from the mining registry.

### **SCHEDULE 3**

### **ASSUMPTIONS**

The opinions in this Report have been given on the following assumptions:

**1. Original and Genuine Documentation**

- 1.1.** All signatures, stamps and seals on all documents and instruments submitted to us for the purposes of this Report are genuine and authentic.
- 1.2.** All copy documents (whether in the form of certified copies, photocopies, conformed copies or facsimile copies or extracts) submitted to us and/or examined by us for the purposes of this Report are complete and conform to the originals.
- 1.3.** All original documents submitted to us for the purposes of this Report are complete, authentic and up-to-date.
- 1.4.** Where we have been provided with only signature pages of any document, the original signed version of such document does not differ from the last full version of such document provided to us.
- 1.5.** All translations of any document submitted to us for the purposes of this Report are accurate.

**2. Other**

- 2.1.** Other than such matters as are the subject matter of this Report, all representations and statements as to factual matters expressed in the Relevant Documents we have examined for the purposes of this Report are true, accurate and correct.
- 2.2.** Golden Ivoire was able to pay its debts at the time of entering into any of the Relevant Documents to which it is a party and will not become unable to pay its debts as a result of entering into or performing its obligations under the Relevant Documents to which it is a party. Golden Ivoire has not passed a resolution for its winding-up or the commencement of business rescue proceedings and no analogous procedure or step has been taken in any jurisdiction in relation to Golden Ivoire.
- 2.3.** There is no other fact, matter or document which would, or might, affect the opinions set out in this Report and which was not revealed by the Relevant Documents examined or the searches and enquiries made.

## SCHEDULE 4

### QUALIFICATIONS

The opinions in this Report are subject to the following qualifications:

1. any judgement obtained under any foreign law contracts in a court of competent jurisdiction outside Ivory Coast will be recognised and enforced in accordance with ordinary procedure applicable under Ivorian law for the enforcement of foreign judgements, provided that:
  - the judgement was final and conclusive, was not obtained by fraud or in any manner opposed to natural justice, that the enforcement of the judgement is not contrary to public policy in Ivory Coast and that the foreign court in question had jurisdiction and competence according to applicable rules on conflicts of laws;
  - if a foreign judgment is obtained or a foreign arbitration award is made, the plaintiff would be required as a matter of Ivorian law, to request an exequatur order in order to obtain recognition and enforcement of such judgment or award in Ivory Coast. The Ivorian courts will recognise and enforce such judgment or award without rehearing the facts and circumstances of the case.
2. Sanctions in effect in Ivory Coast may prohibit persons bound by them from having:
  - 2.1. certain types of dealing with specified companies and individuals; or
  - 2.2. dealings involving certain types of goods connected with specified countries.
- 2.3. We have not carried out any enquiries as to whether any sanctions may apply to the any documents submitted to our review, any parties to them, or any transactions, which they contemplate.
3. If any obligation is to be performed in a jurisdiction outside Ivory Coast, it may not be enforceable in Ivory Coast to the extent that performance would be illegal or contrary to public policy under the laws of the other jurisdiction and a Ivorian court may take into account the law of the place of performance in relation to the manner of performance and to the steps to be taken in the event of defective performance.
4. Any provision of a document, which constitutes or purports to constitute, a restriction on the exercise of any statutory power by any party to that document or any other person may be ineffective.
5. Notwithstanding any provision of any agreement which purports to state that that agreement is an entire agreement, where agreements are inter-related and inter-connected and refer to each other, the provisions of each of those agreements may be taken into account in the interpretation of the provisions of any such other agreement.



6. We have only conducted searches and enquiries in courts and government records as stated in Schedule 2 and this Report is qualified in this regard.

## SCHEDULE 5

### LIMITATIONS AND LIMITATION OF LIABILITY

#### 1. Limitations

- 1.1. We have not assisted in the investigation or verification of the facts or the reasonableness of any assumptions or statements of opinion contained in any of the Relevant Documents (other than as expressly set as herein) and nor have we attempted to determine whether any material fact has been omitted from any of the Relevant Documents.
- 1.2. We do not advise on any insurance and tax documents and this Report is qualified in this regard.
- 1.3. We have taken no steps to investigate or verify, and express no opinion on the accuracy of any statements made in the Relevant Documents in Schedule 1.
- 1.4. We have not taken (save as expressly stated) any steps to independently verify the Assumptions. However we are not aware that any of the Assumptions are misleading.
- 1.5. We have no duty to update this Report or to inform you of any changes to facts or laws occurring after the date of this Report.

#### 2. Limitation of Liability

The opinions given in this Report are given strictly on the basis that all and any claims of any nature (whether arising in contract or in delict) arising as a result of reliance on such opinions shall only be capable of being brought and/or instituted, and may only and exclusively be brought and/or instituted, against John W. Ffooks & Co. (the **Firm**). No director, partner, professional with similar status, consultant, associate or other employee of the Firm or any of its affiliates shall be liable in their personal capacity for any claim whatsoever arising, directly or indirectly, in connection with the opinions given in this Report, and no such claims shall be enforceable against their respective personal estates.



**SCHEDULE 6****RELIANCE**

1. This Report is provided for the purpose described in paragraph1 (Purpose) above and is addressed to the Addressee solely for its own benefit.
2. This Report may not be disclosed to anyone else without our prior written consent, except that it may be disclosed, but only on the express basis that they may not rely on it, to:
  - 2.1.1. the officers, employees, auditors and any professional advisers of any Addressee;
  - 2.1.2. any affiliate of any Addressee and the officers, employees, auditors and professional advisers of any such affiliate;
  - 2.1.3. as required by any applicable law or court order pursuant to the rules or regulations of any supervisory or regulatory body or in connection with any judicial proceedings if we are notified in writing of such disclosure or filing, unless such notification itself would be contrary to any applicable law or regulation.
3. We assume no duty or responsibility to anyone other than the Addressee in respect of any of the issues addressed in this Report or the transactions referred to herein.



# ANNEXURE C - INDEPENDENT GEOLOGIST'S REPORT

4 December 2018

The Directors

African Gold Limited

Level 3, 24 Outram St

West Perth, WA, 6005

ABN: 70 377 861 694

Shane Andrew Hibbird

72 Manbari Crescent

Wanneroo, WA, 6065

Mobile: 0438 282 088

hibbird@iinet.net.au

Dear Sirs,

Re: INDEPENDENT GEOLOGIST'S REPORT ON MINERAL PROJECTS IN CÔTE D'IVOIRE

Shane Hibbird has been commissioned by the Directors of "African Gold Limited" (African Gold Limited or the Company) to provide an Independent Geologist's Report on mineral exploration properties in Côte d'Ivoire to be held by the Company through a wholly owned subsidiary, Golden Ivoire SARL (Golden Ivoire). This report is to be included in a Prospectus to be lodged by African Gold Limited with the Australian Securities and Investments Commission (ASIC) in respect to the Company's initial public offer to raise a minimum of \$4.5 million (Offer). The funds raised under the Offer will be used for undertaking detailed geological exploration and working capital requirements.

The interpretation and conclusions reached by Mr Hibbird in this report is based on information provided by African Gold Limited, which included technical reports from Government agencies and previous explorers in the area, as well as other relevant published and unpublished data. The interpretation and conclusions are based on current scientific understanding and the best evidence available to the author at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, the author makes no claim for absolute certainty. A final draft of the report was provided to African Gold Limited, along with a written request to identify any material errors or omissions prior to lodgement. Where appropriate, and in accordance with ASIC Regulatory Guide 55, consent has been obtained to quote data and opinions expressed in unpublished reports prepared by other professionals on the properties concerned.

The list of tenements comprising the four African Gold Limited mineral exploration properties and their legal status is the subject of a Solicitor's Report on Tenements prepared by John W Fooks & Co, which appears in this Prospectus. The status of these tenements has not been verified in this Independent Geologist's Report. This report has been compiled on the assumption that; a) the granted exploration licences are lawfully accessible for mineral exploration activities; and b) exploration applications will ultimately be granted and will be lawfully accessible for mineral exploration activities.

Where exploration results have been referred to in this report, the classifications are consistent with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code), prepared by

the Joint Ore Reserves Committee (JORC) of the Australian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG) and the Minerals Council of Australia (MCA), effective 2012.

The mineral properties, which African Gold Limited is acquiring, are “exploration projects” which are inherently speculative in nature. Mr Hibbird considers that the Projects are being acquired on the basis of sound geotechnical merit, and, that they are prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of the economic potential, consistent with the proposed exploration programs set out in Section 2.6 of the Prospectus.

African Gold Limited has prepared staged exploration and evaluation programs, specific to evaluating the gold potential of the Projects which are consistent with the budget allocations set out in Section 2.6 of the Prospectus. The proposed exploration and development budgets exceed the minimum annual statutory expenditure requirements on the Projects.

The information in this Independent Geologist’s Report is based on, and fairly represents, information and supporting documentation available to and prepared by Mr Hibbird up to and including 4 December 2018. Mr Hibbird has provided consent for the inclusion of the Independent Geologist’s Report in Annexure B of the Prospectus, and to the inclusion of statements made by Mr Hibbird, or based on statements made by Mr Hibbird, in Section 2 of the Prospectus, in the form and context in which the report and those statements appear, and has not withdrawn that consent before lodgement of the Prospectus with ASIC.

Mr Hibbird is a mineral exploration consultant who has been providing services and advice to the international mining industry since 2003. Mr Hibbird is a professional geologist with a total of 29 years of experience in the exploration and evaluation of mineral properties in Australia, West Africa, North America, South East Asia, Mongolia and China. Mr Hibbird is a Member of the AusIMM and the AIG. Mr Hibbird has sufficient experience which is relevant to the styles of mineralisation and type of deposits under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code.

Mr Hibbird does not, or have previously had, any material interest in African Gold Limited or the mineral properties in which African Gold Limited is acquiring an interest. Mr Hibbird’s relationship with African Gold Limited is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based on agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'S. A. Hibbird', is written over a light blue rectangular background.

Shane Hibbird B.Sc. (Hon), AIG, SEG, AusIMM, Consultant Geologist

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## Executive Summary

African Gold Limited is acquiring a package of tenements that are primarily prospective for gold, and also prospective for nickel, cobalt, copper, lithium, tantalum +/- niobium and beryllium. However, the proposed programs and budgets presented below relate solely to gold (in respect of which the permits were granted). These tenements are all 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.

Mineralisation styles within the tenements are:

- Shear Hosted Gold Mineralisation
- Layered Mafic-Ultramafic Intrusion Hosted Nickel, Copper, Cobalt Mineralisation.
- Lateritic Nickel – Cobalt Mineralisation.
- LCT Pegmatites, potentially hosting lithium, tantalum, niobium and beryllium mineralisation.

The equatorial climate of the area has created a deeply weathered soil profile which supports a variety of agricultural activities. Where the local people are not farming thick forest dominates. This thick forest, agriculture and deeply weathered soils has masked the local bedrock and hindered exploration. Until quite recently there is little evidence of any systematic, modern exploration in the area. To date there has been no exploration drilling completed in the Project areas and the exploration concepts remain completely untested.

African Gold Limited has proposed an exploration strategy supported by funds to be raised in an initial public offering (IPO) that will primarily target the recently defined gold in soil anomaly south of the township of Agboville. This anomaly is robust and in excess of 10 kilometres in strike length. The size and tenor of this anomaly are significant, presenting Africa Gold a walk up drill target of considerable potential. Gold anomalism has been defined in the far west of the historical soil sample grid and is open in that direction. Other anomalous laterite and stream sediment samples in other areas of the tenements indicate further potential that requires follow up work.

## Introduction

This Independent Geologist Report describes tenements to be acquired by African Gold Limited through the acquisition of Golden Ivoire SARL in the West African country of Côte d'Ivoire which are subject to an initial public offer or IPO. The funds raised are to be used to explore the areas for gold. This report describes the regional and local geological settings, previous exploration and results and the exploration potential of the projects.

A site inspection was undertaken by SEMS Exploration on behalf of the Author. SEMS Exploration is the leading full-service mineral exploration and mining consultancy company in West Africa. SEMS provide a full range of geological, mining engineering and environmental services; from grassroots reconnaissance through mineral resource estimations, project management and mine design to the supervision of feasibility studies.

SEMS consultancy staff compile Independent Technical Reports as Qualified and Competent Persons.

This report contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports that are publicly available from either government departments or the ASX. The authors of these previous reports have not consented to the statements' use in this report, and these statements are included in accordance with ASIC Corporations (Consents to Statements) Instrument 2016/72.



## Côte d'Ivoire

After gaining independence from France in 1960 Côte d'Ivoire retains close ties to France. Today it is among the fastest growing economies in the world and one of the most dynamic in West Africa. Côte d'Ivoire introduced a progressive new mining code in 2014 and on-going infrastructure improvements are making the country one of the more investor friendly countries in the Africa.

Roughly two thirds of the population of 24.1 million people are engaged in agriculture and historically agricultural products have dominated the national economy. Côte d'Ivoire is the world's top cocoa producer. The two other exports that make up the top three are coffee and palm oil. The country is targeting the processing of cocoa, cashews and mangoes amongst others as a priority. Today there is a strong desire to diversify the economy with gold, other mineral products and exporting electricity playing an increasing role in this diversification. Last year Côte d'Ivoire produced around 25 tonnes of gold, a significant increase from only 1.2 tonnes produced in 2007.

The country has 5 major producing gold mines and a number of near term development projects these include Ity and Agbou (Endeavour), Yaoure and Sissingué (Perseus), Tongon (Randgold) and Bonikro (F&M Gold Resources Ltd. and Africa Finance Corporation).

Other mineral commodities that offer potential for economic development in Côte d'Ivoire include diamonds, petroleum, natural gas, copper, iron, cobalt, bauxite, tantalum, lithium and silica sand.

## Location and Access

The locations of the tenements are shown in Figures 1 and 2 below. The two granted contiguous Agboville and Sikensi tenements are located almost completely within the Region De L'Agneby administration region, the Gomon application area lies immediately to the west, almost entirely within the Region Des Lagunes administration region and to the east of these three contiguous areas is the Azaguie-Anyama application area straddles the boundary between Region De L'Agneby and the Region Des Lagunes administration regions in the south east of Côte d'Ivoire. The tenements are only 50 kilometres to the north west of the economic capital city Abidjan which is located on the coast. The political capital city of Côte d'Ivoire is Yamoussoukro which is located to the north west, in a more central position within the country.

Figure 1: Location of tenements



Access to the Project area is very good, lying within easy access of National Highway A3, a 200 kilometre long dual lane highway joining economic capital, Abidjan with the political capital, Yamoussoukro. The Agboville licence and the Azaguie-Anyama application areas straddle the bitumised A1 road to, the township of Agboville, located immediately north of the project area. Numerous high voltage power lines traverses the Agboville and Sikensi permits.

The region experiences a tropical wet and dry climate (Aw) according to the Koppen climate classification. A long rainy season occurs from March to July and a short rainy season from September to December, and three dry months (January, February and August). Mean temperatures are between 24.5° C in August and 27.9° C in March. Average relative humidity is between 82 and 89%.

The more common agricultural products from the area include Okra, Hevea (Rubber tree), Cocoa (Cocoa) and Cassava. The alluvial plains are generally used for agriculture with the higher ground formed from a residual plateau generally forested.

## Tenements

The project consists of two exploration permits granted in respect of gold, the Agboville and the Sikensi Permits, that secure a total of 792 km<sup>2</sup>. In addition there are two gold exploration permit application areas, Azaguie-Anyama covers 214 km<sup>2</sup> and Gomom which covers 397 km<sup>2</sup>. Details of the tenements and commitments are summarised in the tables below (Tables 1 and 2).

Table 1: Tenement details

Permit	Permit type	Date Granted	Area (km <sup>2</sup> )	Duration	Permit Holders
Agboville	Permis de recherché (Or)	25/10/2017	395	4 years	Golden Ivoire SARL
Agboville et Sikensi	Permis de recherché (Or)	19/10/2016	397	4 years	Golden Ivoire SARL
Agboville et Gomon	Permis de recherché (Or)	Application	397	-	Golden Ivoire SARL
Azaguie-Anyama	Permis de recherché (Or)	Application	214	-	Golden Ivoire SARL

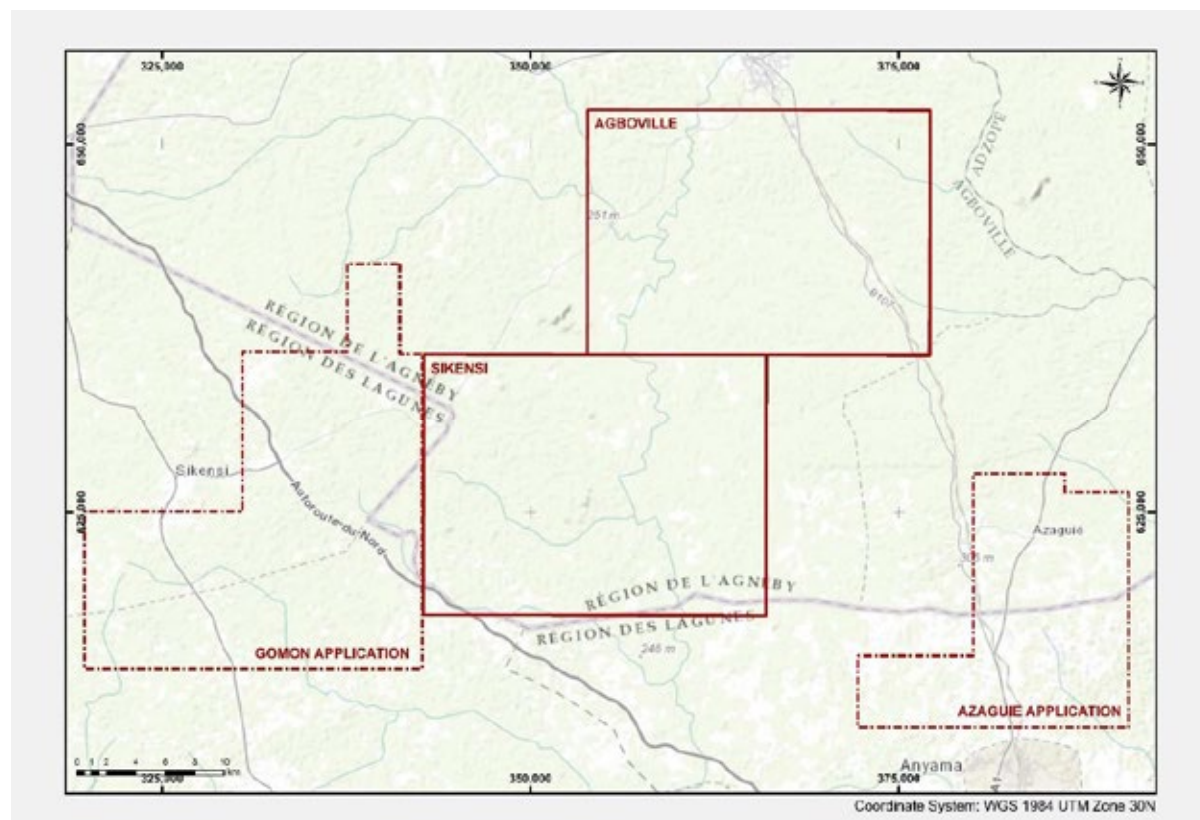
Table 2: Tenement commitments

Permit	Date Granted	Commitments (XOF)			
		Year 1	Year 2	Year 3	Year 4
Agboville	25/10/2017	100,100,000	115,500,000	170,500,000	291,500,000
Agboville et Sikensi	19/10/2016	100,100,000	115,500,000	170,500,000	291,500,000
Agboville et Gomon	N/A – Application				
Azaguie-Anyama	N/A – Application				

Note: Amounts given in West African CFA Francs (**XOF**). As at the date of this Report, 1AUD:423.63XOF and 1XOF:0.0024AUD.

Figure 2: Tenement map showing main roads and highways.

Auto Route Du Nord is a major highway between Abidjan and Yamoussoukro.



## Regional Geology

The Project is located in the south east of the West African Craton in an area referred to as the South-Comoe domain (Vidal, 2009), part of what is referred to as the Birimian. The Birimian (from the Birim River in Ghana) is the local name that is given to the Paleoproterozoic rocks of West Africa. More precisely, these rocks, formed between 2,250 to 2,050 million years ago and correspond to the Paleoproterozoic Rhyacian period. The geology of the South-Comoe domain is dominated by Paleoproterozoic greenstone belts and metasedimentary basins. The bedrock of this part of the West African Craton in Côte d'Ivoire consist of three dominant types;

1. Early Tonalite-Trondjemite-Granodiorite intrusions and tholeiitic greenstone complexes (~2,200 to 2,150 million years ago).
2. Low metamorphic grade volcano-sedimentary series made of clastic sediments intercalated with calc-alkaline volcanic levels (~2,150 million years ago) and,
3. Leucogranite intrusions (~2,100 million years ago).

Geochemical and isotopic studies have shown that a large part of this Paleoproterozoic domain, in Côte d'Ivoire, Burkina-Faso and Niger, was juvenile crust entirely created during Paleoproterozoic times. The early Tonalite-Trondjemite-Granodiorite intrusions and tholeiitic greenstone complexes are interpreted to have been derived from the differentiation of "oceanic type" crustal units.

To the west are the 3,600 to 2,400 million year old Archaean rocks of the Man Craton, and to the east the post Palaeozoic cover rocks of the Volta Basin, (Vidal, 2009).

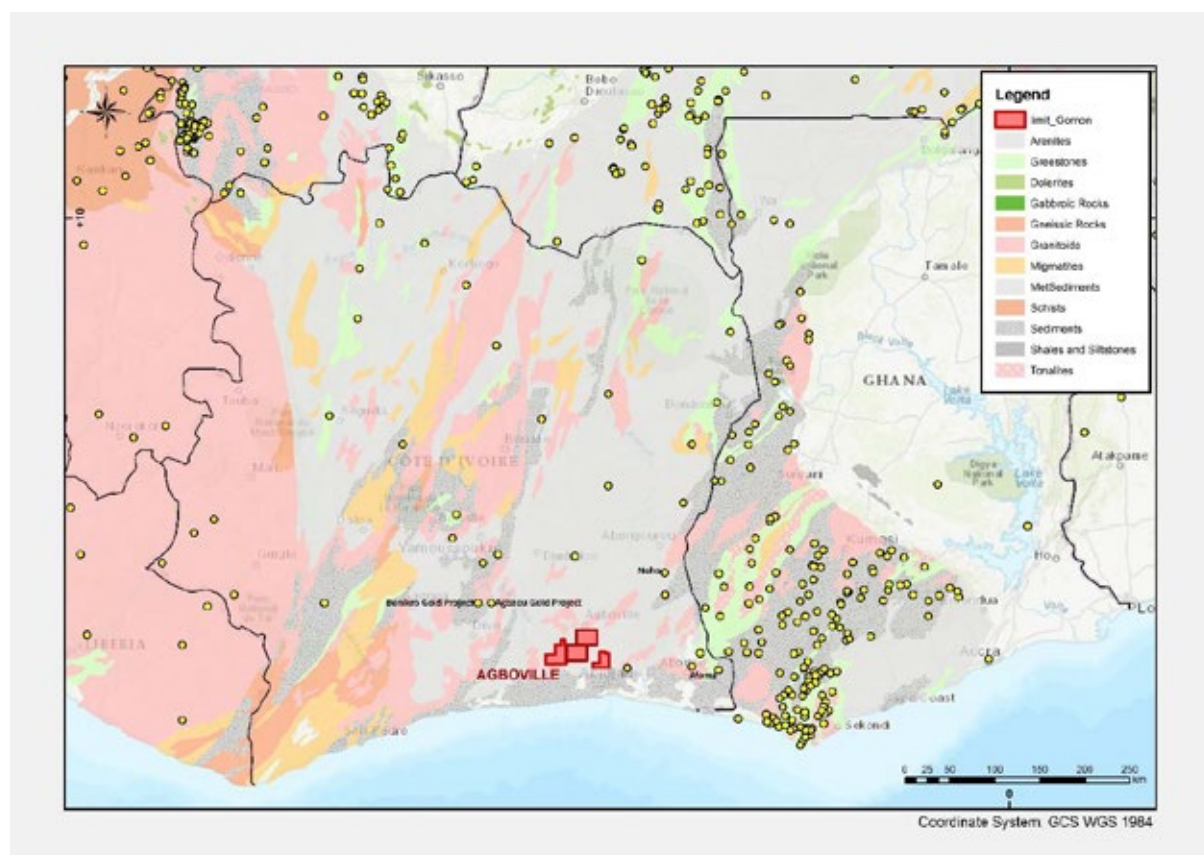
The Eburnean Orogeny is defined as the deformation and metamorphic events affecting the Paleoproterozoic continental crust during the Birimian times in the West Africa Craton. During this period various tectonic blocks of different age and natures accreted around the edges of a stable Archean block. This was accompanied by major magmatism that can be divided into two main tectono-metamorphic phases (D1 and D2). Gold mineralisation in the West African Craton took place at about 2,100 to 2,025 million years ago at the end of this orogenic evolution, during D2 and D3 (strike – slip deformation). The Eburnean Orogeny is dated between 2250 and 2050 million years ago. Work suggests that it was a long lived but "weak" orogen (Vidal, 2009).

At a regional scale in eastern Côte d'Ivoire the bedrock geology is characterised by an alternation of narrow bands of early Tonalite-Trondjemite-Granodiorite intrusions, greenstones, volcano-sedimentary series and leucogranite intrusions striking roughly north east to south west. Numerous strike-slip faults and ductile shear zones are recognised across the region, mostly striking to the north-east, (Vidal, 2009).

Known gold deposits in the region include the Noho Gold deposit, a small D2 syn-metamorphic vein hosted deposit located 83 kilometres to the north east. The plus 1 million ounce Bonikro gold deposit lies 110 kilometres to the west north west. Bonikro is an intrusion related, shear hosted gold deposit and until recently was operated by Newcrest Mining Ltd. The Agbaou gold deposit is located 150 kilometres to the north west of Agboville is another plus 1 million ounce gold deposit.



Figure 3: Regional geology



## Project Area Geology

The dominant rocks in the area are Birimian-age terrigenous sedimentary rocks of the Comoe series comprising sandstones with a phyllitic matrix, arkoses and pelitic layers. There are graphitic and conglomeratic units. Sedimentological studies from well preserved rocks far from the granitoid intrusions conclude that the Comoe series was transported and deposited in a rather low energy environment that was close to the erosional source that presented moderate relief. Volcanic rocks are also present within the sedimentary sequence however they only form a minor component. It is interpreted that the Comoe sedimentary series was deposited in a shallow continental basin.

Within this sedimentary package a number of 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 Orogen which here manifested as a WNW directed shortening event. This resulted in upright folds of varying wavelength from one place to another. A sub-vertical cleavage is sometimes developed, parallel to the mean axial planes of the folds. Cleavage and fold axes strike NNE to NE, parallel to the mean orientation of the elongated shape of the leucogranite plutons resulting in the overall geological trend being north east to south west. A number of 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. Generally the rocks have been metamorphosed to greenschist facies however higher metamorphic grades up to amphibolite facies are encountered proximal to some intrusions, (Vidal, 2009). For example in the central portion of the project area an occurrence of chlorite-schists and

meta-greywackes characterised by abundant chlorite and amphiboles (tremolite-actinolite) has been mapped.

The higher grades encountered near the intrusions is not just a thermal effect resulting from contact metamorphism, but also the product of a pressure increase. Deeper structural levels of the surrounding rocks look to have been turned up around the leucogranite plutons during their emplacement, (Vidal, 2009).

Structural and metamorphic relationships between the volcano-sedimentary series and the leucogranite intrusions suggest that these intrusions were emplaced by diapiric ascent into the upper crust before the end of the horizontal WNW directed shortening event, (Vidal, 2009).

Extensive regolith has developed due to the tropical weathering environment creating deep soils, originally supporting thick forest/jungle – but the original vegetation cover is now just a patchwork of remnant primary and secondary forest, plantations and agricultural lots. All of this largely masking the underlying bedrock.

Mapped mineral occurrences of Côte d'Ivoire compiled by SODEMI and updated in 1996 record columbite, tantalite, monazite, copper, nickel, cobalt, manganese and chromite within the tenements, and lithium and beryllium to the immediate north of the Agboville tenement boundary.

Pegmatites near the township of Agboville, just north of the project area are known to be of the LCT type, and the likely origin of a number of tantalum, lithium and beryllium mineral occurrences in the area. The lithium, beryllium, columbite and tantalite occurrences are likely to be associated with LCT pegmatites derived from the leucogranite (meta-monzogranite) intrusion in the north of, and extending beyond the tenement. Such pegmatites will be spatially associated with these intrusions. Pegmatites have not been identified by mapping within the Project to date.

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, suggesting that the gold mineralisation is associated with shear zones parallel to the regional structural trend.

Figure 4: Copper- Nickel-Cobalt related mineral occurrences, Agboville and Sikensi area

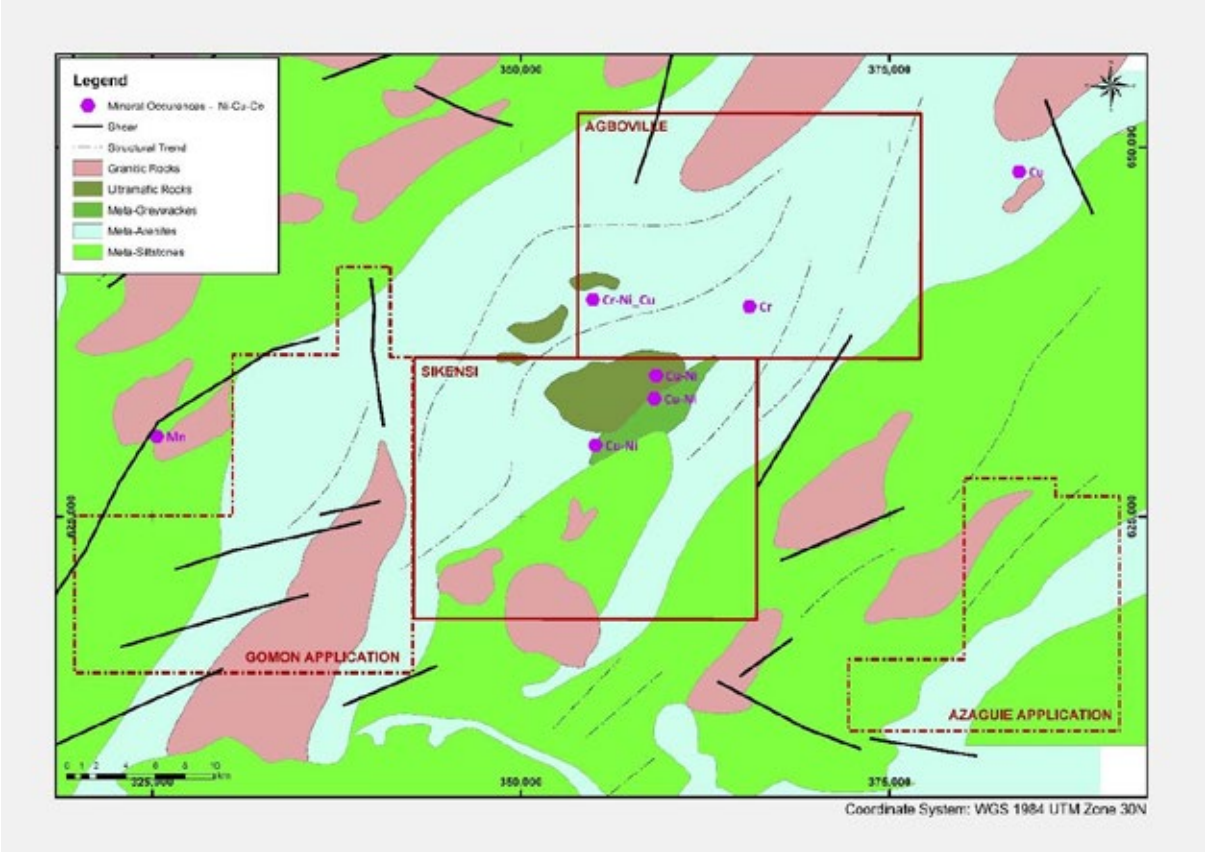
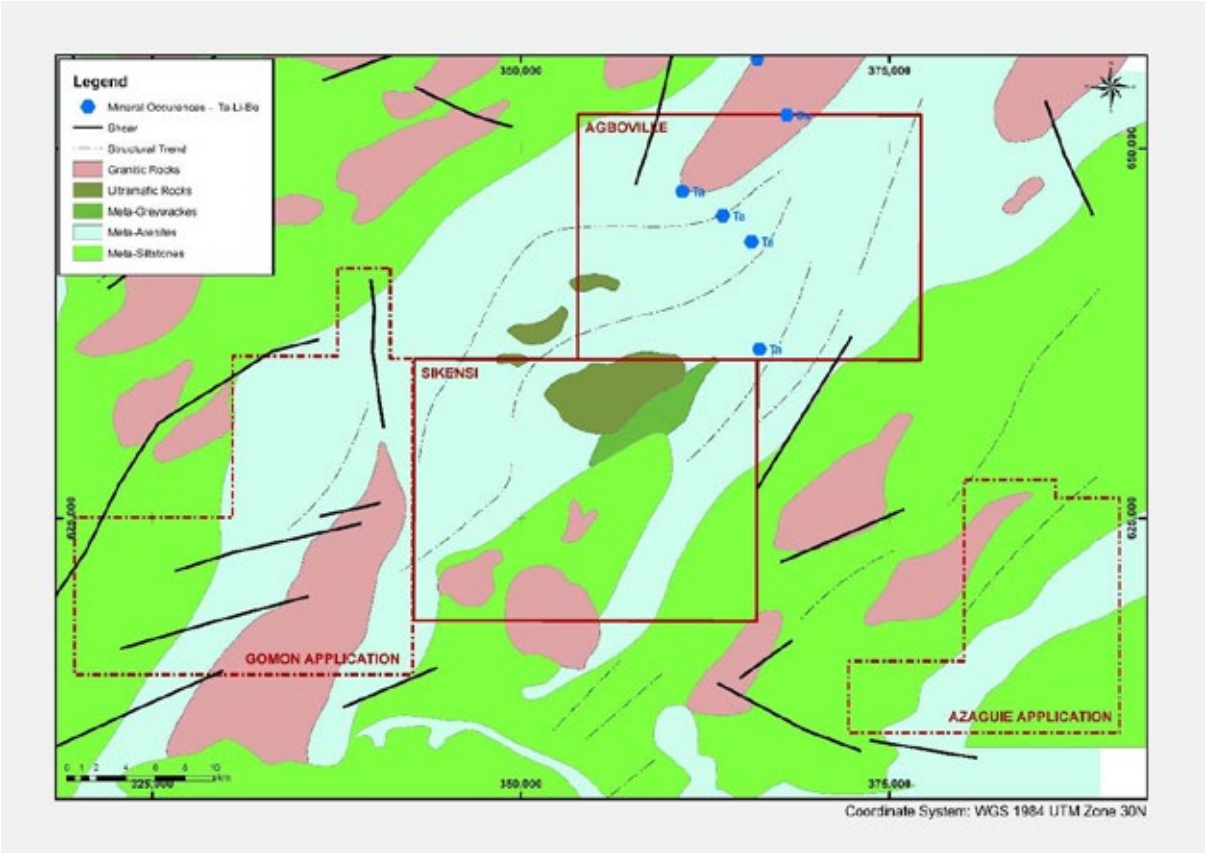


Figure 5: LCT Pegmatite related mineral occurrences, Agboville and Sikensi area





## Previous Exploration

Exploration work in the area, in modern times began with the acquisition of aeromagnetic data over much of the country between 1974 and 1976. The surveys were flown by Kenting Earth Science Limited. Little detail is available of the survey however it is generally considered that much of the flying was on 1 kilometre line spacing.

In 1992 regional maps were produced by the Ministère des Mines et de l'Énergie – Direction de la Géologie. The product of this work, the 1:200,000 scale map and memoir has been the foundation of all subsequent geological work to date.

The aeromagnetic data covers all of the Agboville tenement but unfortunately only a small portion of the Sikensi tenement and Gomon exploration permit application areas. The aeromagnetic survey did not cover any of the Azaguie-Anyama exploration permit application area. The aeromagnetic data was purchased from SODEMI, the Côte d'Ivoire Mineral Department.

Much of the area now covered by the Agboville and Sikensi Permits, and approximately the eastern one third of the Gomon exploration permit application area was previously held by Golden Star Resources. In 2006 – 2007 Golden Star completed a BLEG (Bulk Leach Extractable Gold) stream sediment and a laterite sampling program. Golden Star collected 1,140 laterite samples on approximately 1 km<sup>2</sup> centres and collected 72 stream sediment samples within African Gold's areas. Analysis of the samples was by SGS Laboratories in Tarkwa, Ghana. Results of the BLEG sampling were subtle however the laterite sampling identified an anomalous area in the north east of the permit with a total area of 185 km<sup>2</sup> considered anomalous for gold.

In 2009 – 2010 Eburnie Mining Services were commissioned by Golden Star Resources to complete two phases of soil sampling over the gold anomalous area identified by the laterite sampling in the north eastern part of the permit. Phase 1 of the work was completed on an 800 x 50 m grid (3419 samples) and phase 2, infilling the phase 1 work to a 200 x 50 m grid (2401 samples).

During this program 53 rock chip samples were collected and described before being sent to assay. The rock samples were a mix of quartz veins, meta-siltstones and meta-arenites. Quartz veins were typically boundinaged with a dominant N050 – N070 orientation. Assay results from the rock chip samples did not return any significant gold values.

The results of the two phases of soil sampling defined two gold-in-soil anomalies:

- The first, the broadest is orientated east- west, 3.5 kilometres long and 1.5 kilometres wide;
- The second, the longest is orientated north east to south west and is in excess of 10 kilometres long and 1 kilometre wide.

The maximum gold assay returning from the soil samples was 4.11 g/t gold (4110 ppb). The following table shows all soil samples that returned particularly high gold values (over 250 ppb). In total six soil samples from various locations within the main anomaly returned gold assays exceeding 1 g/t gold (1000 ppb).

**Table 3: Soil samples over 250 ppb Gold.**

Sample ID	Northing UTM 30N	Easting UTM 30N	Au ppb	Comment
AG1914	649242	373003	4110	Laterite, colluvium with minor clay
AGS0500	636416	366271	2760	Laterite, with quartz fragments
AG0160	638550	362913	2200	Quartz sand and clay

Sample ID	Northing UTM 30N	Easting UTM 30N	Au ppb	Comment
AG0504	637823	366396	1860	Laterite, quartz sand, minor pisolith nodules
AG1311	643978	372720	1110	Laterite, quartz sand, pisolith nodules
AG1563	646191	372169	990	Laterite, quartz, minor pisolith nodules
AG0208	638452	363260	890	Quartz, colluvium, laterite, minor pisolith nodules
AG0947	642715	370125	750	Laterite, abundant pisolith nodules and quartz fragments
AG0646	638566	366818	660	Laterite, quartz fragments, minor pisolith nodules
AG0933	642178	370575	650	Laterite, quartz fragments and pisolith nodules
AG1761	647755	372944	560	Laterite, quartz sand and pisolith nodules
AGS0424	637587	364246	530	Quartz, colluvium, pisolith nodules
AGS2924	651087	373803	530	Laterite, minor pisolith quartz nodules
AG1934	648770	373920	520	Laterite, pisolith nodules and quartz fragments
AG0132	637480	363813	480	Quartz sand and clay
AG1400	645525	371684	480	Laterite, pisolith nodules and quartz sand
AGS2392	647233	372860	480	Clay and quartz sand
AG2119	650064	374141	400	Clay and quartz sand
AG1104	642874	371558	370	Quartz sand, colluvium
AGS2652	648914	373542	360	Clay and quartz sand
AGS0640	637696	366246	340	Laterite, quartz sand and minor pisolith fragments
AG1033	643215	370489	330	Laterite, pisolith nodules and quartz sand
AG0503	637785	366430	320	Laterite, quartz sand and minor pisolith nodules
AGS2759	648888	374606	310	Clay, sand and minor angular quartz fragments
AG1157	643345	371424	290	Laterite, quartz, pisolith nodules
AGS0642	637771	366177	290	Laterite, quartz fragment, minor pisolith nodules
AGS2528	648283	373025	280	Laterite, smoked quartz fragment pisolith few nodules
AG0832	641625	369995	270	Quartz sand and clay
AGS1735	642747	371408	270	Quartz sand with minor clay
AG1703	647331	372517	260	Laterite, pisolith nodules and quartz sand

It was recommended that Golden Star complete Rotary Air Blast (RAB) drilling to test these soil anomalies and also test the thick cuirasses plateaus developed in the central part of the tenement area but this work was not commenced. The recommended program was for 10,000 metres of RAB drilling with each hole drilling to approximately 30 to 40 metres in depth.

In 2016 Sahara Mining Services was engaged by Golden Ivoire and undertook a reconnaissance inspection of the permit and proposed some follow-up work.

In December 2017 Golden Ivoire commenced field work with a reconnaissance mapping exercise. It had been suggested that the gold in soil anomaly may be in part transported and not a reliable indicator of bedrock gold. However, field investigations during this mapping work show the soil profile to be both transported and in-situ, and it is expected that there may indeed be a component of transported material but it is localized.

It appears that there has been no previous exploration on the Azaguie-Anyama exploration permit application area, at least in modern times.

Figure 6: Laterite and stream sediment sampling locations thematically mapped by gold grade.

Historical exploration permit boundary shown in blue.

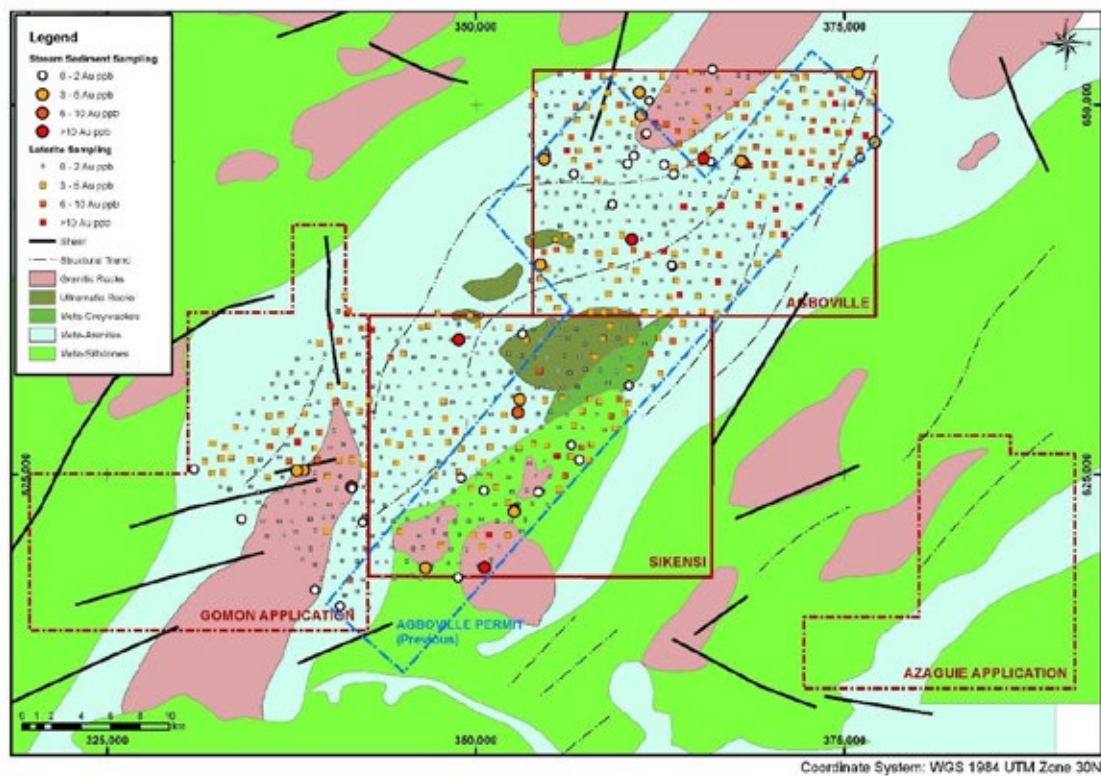
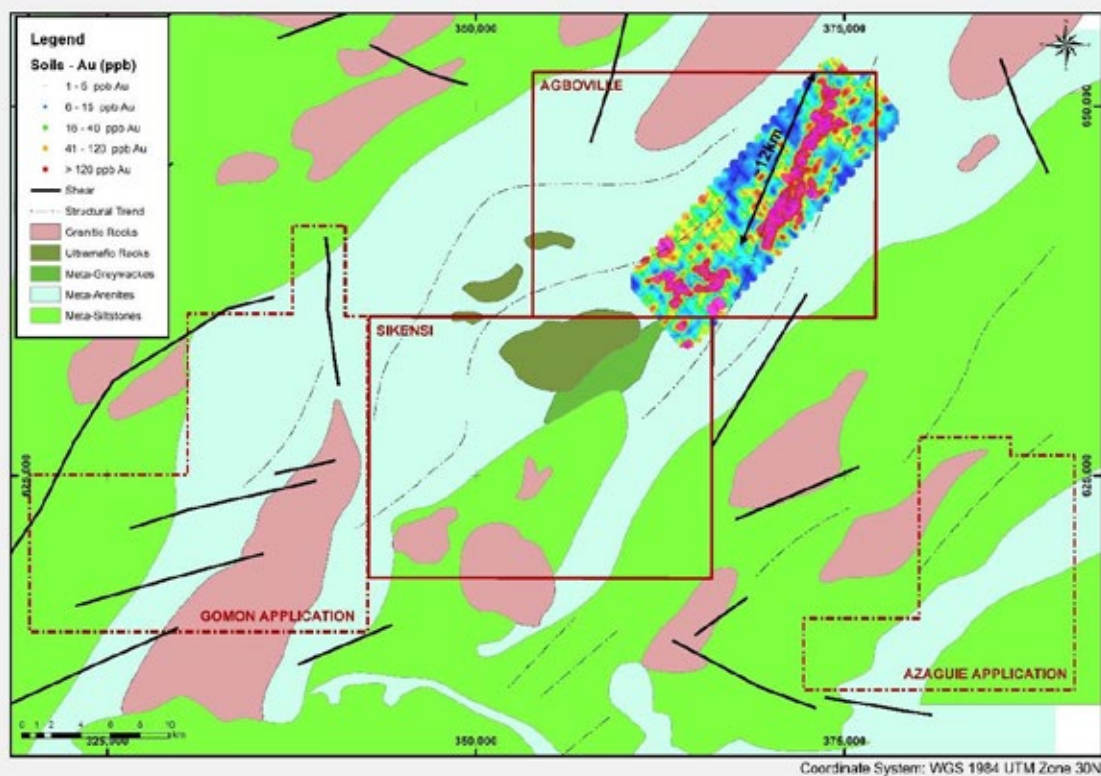


Figure 7: Soil samples thematically mapped by gold grade



## Exploration Potential

### Gold

Although there were no gold occurrences reported within the tenements by the SODEMI project undertaken in 1996, the historical soil sampling by Golden Star Resources recorded significant gold values of up to 4,110 ppb gold over a strike length of over 10 kilometres in the north eastern portion of the Agboville licence. The anomalous soil values formed a large and very robust gold anomaly. Such a soil anomaly represents excellent exploration potential and could host several gold deposits along its strike. The trend of the soil anomalism parallels a number of mapped structures corresponding to the regional geological and structural trend in the tenement and surrounding area. It is likely that the source of the gold in soil anomaly is gold mineralisation associated with a north east – south west trending shear (or shears), possibly associated with the regional folding which have axial planes/fold hinges parallel to the trend of these shears. In addition to this there are a number of anomalies defined during the regional stream sediment and laterite sampling programs that have yet to be followed up.

A number of targets have been identified within this soil data and are ready for drill testing.

The soil sampling should be expanded over the other areas of the tenement that, by the historical stream and laterite sampling suggest the presence of gold anomalism. The majority of the Gomon and all of the Azaguie-Anyama exploration permit application areas have similar gold potential and once granted would be tested using surface geochemical methods. This work could generate a number of significant gold targets suitable for drill testing.

The permits are located in an area that has had little previous exploration or mining of gold however the Project is within 150 kilometres of Taurus Gold's Afema Project and approximately 110 kilometres from Endeavour Mining's Agbaou Project.

### Nickel-Copper-Cobalt +/- PGE

In the centre of the Project area outcrops a layered mafic- ultramafic intrusion approximately 9 x 4 kilometres in dimensions, elongate, like the granitoid intrusions in the area, in a north east to south west direction. Three other smaller intrusions are mapped to the north west, two of which in part lie within the Project tenements. A number of mineral occurrences are associated with these intrusions and are reported as copper-nickel, chrome-copper-nickel, nickel-cobalt, PGE-nickel-chrome and manganese-cobalt. At least one other chrome mineral occurrence is mapped to the north east of the main intrusive and may indicate the presence of additional intrusives not previously mapped. The USGS on-line spatial database refers to the Ores Krobou area within the project licences as a platinum group element (PGE) –nickel –chrome occurrence that is situated within these layered mafic-ultramafic intrusions but there is little detail, and PGE is not referred to in any other literature.

The mapped mineral occurrences of manganese, nickel and cobalt is an indication that nickel laterite mineralisation may have developed in the regolith on these layered mafic/ultramafic intrusions. Manganese, leached from olivine, pyroxene and their metamorphic products, precipitates as manganese oxides within the regolith. Manganese oxides may co-precipitate with nickel and cobalt and other elements and in certain circumstances can form small but significant manganese-cobalt-nickel deposits such as those in the Ora Banda-Siberia area of Western Australia.

The presence of nickel and copper +/- cobalt +/- chrome +/- PGE? mineralisation is an indication that primary nickel-copper sulphide hosted mineralisation is present. This type of mineralisation in layered mafic-ultramafic intrusions are usually of disseminated sulphide mineralisation style but can be massive, matrix and disseminated sulphide mineralisation. This style of mineralisation is often



dominated by pyrrhotite, chalcopyrite and pentlandite such as at the Savannah Project in the Kimberly region of northern Western Australia.

The mineral occurrences associated with these layered mafic and ultramafic intrusions are of such a number and over a significantly large enough area to justify a dedicated exploration effort in addition to the focus on the gold potential of the Project.

#### Lithium, beryllium, columbite and tantalite

Lithium, columbite and tantalite, or LCT bearing pegmatites are present in and around the granite intrusions surrounding the town of Agboville, just north of the project. And further east centred on the Adzope area. A number of lithium, beryllium, columbite and tantalite occurrences are mapped spatially associated with several granitoids within and just to the north of the tenement suggesting that prospective pegmatites are likely to be present within the tenement.

LCT pegmatites are regarded as a family of pegmatites within the rare-element class of pegmatites. LCT pegmatites are sources of lithium, rhodium, caesium, beryllium, gallium, tin, hafnium, niobium, tantalum, boron, phosphorus and fluorine. Often these pegmatites are small and support artisanal scale mining of one or more of these elements in various mineral forms but where these pegmatites reach large sizes, such as at Greenbushes in Western Australia they can support mining operations of global significance.

Lithium is currently in very high demand due to the recent developments on battery technology and the strong push in many western countries to transition away from fossil fuels and into renewable energy, power storage and battery powered vehicles.

Spodumene, a major ore mineral of lithium, was first reported in Côte d'Ivoire from pegmatites in the Agboville region in 1960. This discovery of LCT pegmatites initially attracted some interest from the government between 1960 and 1962 in the area which initiated a country wide search for pegmatites in the early 1960's. The granite intrusions around Agboville were found to host spodumene and (apparently separately) beryl mineralised pegmatites. The minerals were recorded in situ and within elluvial and in the case of beryl, alluvial deposits. Generally the pegmatites discovered were small, veins, lenses and mounds less than a metre in thickness, however they are described as particularly well mineralised in beryl and especially in spodumene. The main spodumene bearing pegmatites at Agboville cover an area of approximately 1 km<sup>2</sup> with the main pegmatite vein over 80 metres in strike and up to 5 metres in thickness.

The pegmatites are described as mostly restricted to within, and towards the margins of the host granitic intrusions. Interestingly, at the time of the initial spodumene discoveries it was noted that the expected associated tin, columbite and tantalite minerals were not present. It appears that these "missing" minerals were identified in the Agboville area some time later.

In the 1960's at the time of these investigations into the economic potential of these pegmatites it was concluded that the primary, elluvial and alluvial (in the case of beryl) grades were too low to be exploited for profit at the time. However, it was noted that at some future time with an increase in value of these commodities then the pegmatites around Agboville may again be of interest for lithium and beryllium. The lithium bearing pegmatites around Agboville are obvious exploration targets for African Gold during these current times of high lithium prices.

Columbite and tantalite minerals are oxides of iron, manganese, niobium and tantalum. They are often referred to as coltan. They form relatively hard, heavy dark grey to black minerals which are important ores for the metals tantalum and niobium.

Tantalum is used in the electronics industry for capacitors and high power resistors. Tantalum capacitors are used in almost all mobile phones. It is also used to make alloys to increase strength, ductility and corrosion resistance. The metal is used in dental and surgical instruments and implants, as it causes no immune response.

Niobium is used with iron and other elements in stainless steel alloys and also in alloys with a variety of nonferrous metals, such as zirconium, Niobium alloys are strong and are often used in pipeline construction. The metal is used in superalloys for jet engines and heat resistant equipment.

Beryllium is a hard metal and because of its stiffness, light weight and dimensional stability over a wide temperature range beryllium metal is used for lightweight structural components in the defence and aerospace industries in high speed aircraft, guided missiles, spacecraft and satellites. Beryllium is extracted from the mineral beryl, and the gem version of beryl is emerald, sourced from LCT pegmatites.

Columbite and Tantalite are generally formed in granite pegmatites and are often found in alluvial deposits within rivers and streams draining areas of granitoids and pegmatites as at Agboville. These occurrences are potentially significant and indicate the presence of fertile pegmatites associated with the granitic intrusions of the area. As the columbite and tantalite are found in streams and heavy, resistant minerals it is an easy process to trace these back to the bedrock source and investigate the potential of these occurrences.

Due to the properties just described, these minerals, whilst of interest in their own right might be used as indicator minerals to discover new and potentially significant lithium bearing pegmatites in areas of deep weathering and cover.

## Proposed Exploration Program and Budget

African Gold has proposed a dualistic multi-disciplinary exploration approach to evaluate the existing anomalies and generating new exploration targets. It is important to note that proposed programs and budgets presented below relate solely to gold. The overall program (Table 4) will be phased with some later components of the program being contingent on positive results from earlier phases. The proposed exploration program is over a two year period (year 1 - 58%, year 2 - 42%) and distributed across the two granted licences based on an approximate ratio: Agboville 65% and Sikensi 35%. Figures are estimates only and are subject to rounding. As the Azaguie-Anyama and Gomon exploration permit application areas are not yet granted they have been excluded from the proposed exploration program and budget.

The proposed program consists of the following components:

- Semi Regional (1:25,000) scale geological and regolith mapping.
- Rock chip sampling to evaluate anomalies (Au).
- Soil sampling infill of existing anomalies.
- Trenching and pitting to evaluate anomalies and in selected areas to evaluate regolith and cover.
- Phase 1- soil sampling regional - previously untested and areas where previous stream sediment and laterite samples returned anomalism
- Phase 2 - soil sampling infill - on results of this “new” survey – multi-element in places.
- Induced polarization and ground magnetic surveys to evaluate anomalies.
- Phase 1 - RAB drilling of existing targets.
- Phase 2 - RAB drilling to follow up regional targets.
- Phase 1 RC drilling below RAB intercepts on existing anomalies.
- Phase 2 RC drilling below RAB/Geochemical/Geophysical targets.
- Airborne magnetic survey to help understand structural tectonic architecture.

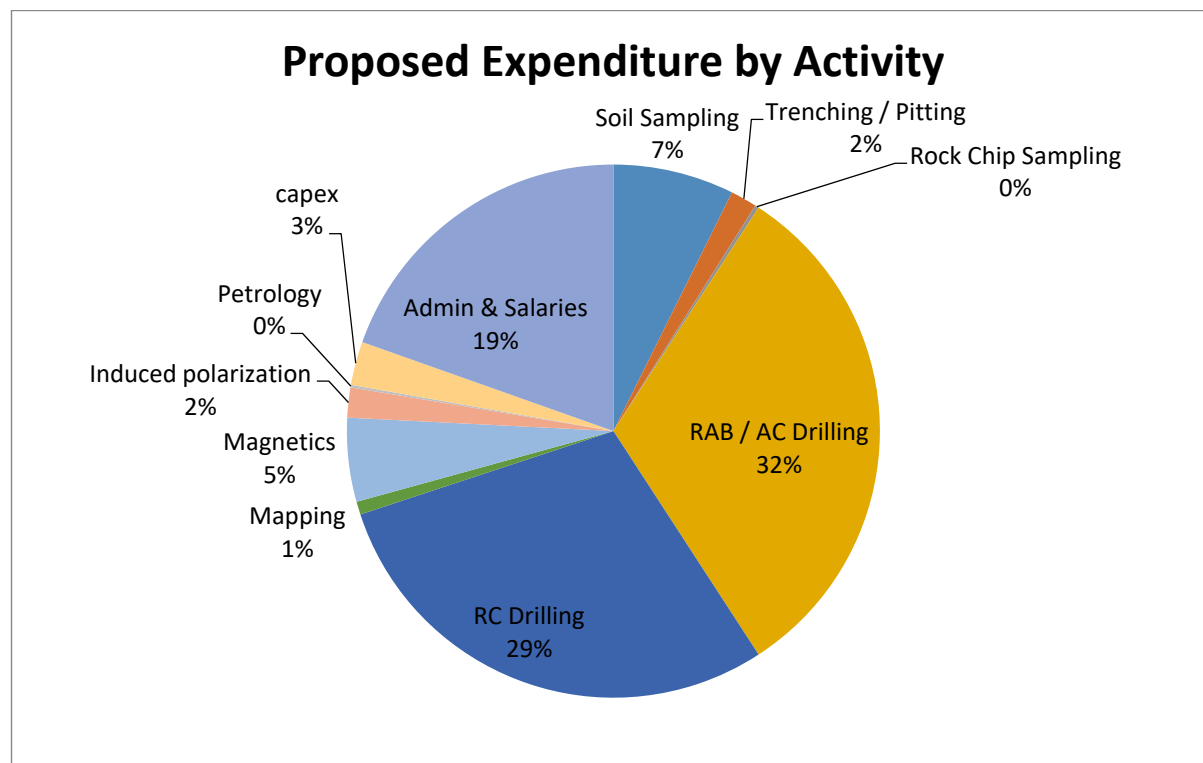
**Table 4: Proposed two year exploration program.**

Tenement		Year 1	Year 2
Agboville	Soil Sampling	\$49,000	\$0
	Trenching/Pitting	\$19,000	\$0
	Rock Chip Sampling	\$1,000	\$1,000
	RAB / AC Drilling	\$322,000	\$215,000
	RC Drilling	\$197,000	\$296,000
	Mapping	\$5,000	\$5,000
	Magnetics	\$63,000	\$0
	Induced polarization	\$11,000	\$11,000
	Petrology	\$1,000	\$1,000
	Capex	\$32,000	\$0
	Admin & Salaries	\$169,000	\$169,000
	<b>Total Agboville</b>	<b>\$871,000</b>	<b>\$698,000</b>

Tenement		Year 1	Year 2
Sikensi	Soil Sampling	\$114,000	\$0
	Trenching/Pitting	\$19,000	\$0
	Rock Chip Sampling	\$1,000	\$1,000
	RAB / AC Drilling	\$138,000	\$92,000
	RC Drilling	\$85,000	\$127,000
	Mapping	\$5,000	\$5,000
	Magnetics	\$63,000	\$0
	Induced polarization	\$11,000	\$11,000
	Petrology	\$1,000	\$1,000
	Capex	\$32,000	\$0
	Admin & Salaries	\$73,000	\$73,000
	<b>Total Sikensi</b>	<b>\$542,000</b>	<b>\$310,000</b>
<b>Total per year</b>		<b>\$1,413,000</b>	<b>\$1,008,000</b>
<b>Grand Total</b>			<b>\$2,421,000</b>

The breakdown of the expenditure of this proposed program is displayed in the pie chart below. 62% of this expenditure is allocated to drill testing of the targets.

Figure 8: Proposed expenditure by activity



The Author considers that the proposed exploration budget is reasonable and recommends that the company proceeds with the proposed work programs.



## References

The authors and competent persons of the reports referred to below have not consented to the use of the reports in this IGR.

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## Glossary of Terms

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia ([www.wikipedia.org](http://www.wikipedia.org)).

Aeromagnetic:	Relating to or denoting the measurement of the earth's magnetic field using airborne instruments
Alluvial:	Relating to or derived from alluvium.
Alluvium:	Alluvium is loose, unconsolidated soil or sediments, which has been eroded, reshaped by water in some form, and redeposited in a non-marine setting.
Archaean:	Relating to or denoting the aeon that constitutes the earlier (or middle) part of the Precambrian, in which there was no life on the earth. It precedes the Proterozoic aeon and (in some schemes) is preceded by the Pre-archean aeon.
Arkose:	A coarse-grained sandstone which is at least 25 per cent feldspar.
Artisanal:	In relation to mining in a traditional or non-mechanized way, usually small scale.
Axial Plane:	The axial plane of a fold is the plane or surface that divides the fold as symmetrically as possible.

Amphibole:	An important group of generally dark-coloured, inosilicate minerals, forming prism or needle like crystals, composed of double chain SiO tetrahedra, linked at the vertices and generally containing ions of iron and/or magnesium in their structures.
Amphibolite facies:	One of the major divisions of the mineral-facies classification of metamorphic rocks, the rocks of which formed under conditions of moderate to high temperatures (500° C maximum) and pressures.
Basin:	A geological basin is a large low-lying area. It is often below sea level. Geological basins are one of the two most common places inland which collect sediment.
Bedrock:	Bedrock is the lithified rock that lies under a loose softer material called regolith at the surface of the Earth.
Beryl:	(Be <sub>3</sub> Al <sub>2</sub> (Si <sub>6</sub> O <sub>18</sub> )), a silicate mineral containing 12–13.5% beryllium oxide (BeO) is one of the main sources of the lightweight metal beryllium. Gemstone varieties include emerald and aquamarine.
Boudinage:	Boudinage refers to structures deformed by extension in ductile shear zones. Boudinage structures contain a rigid tabular body that has been stretched and deformed where embedded within more deformable (less competent) rocks.
Calc-Alkaline:	The calc-alkaline magma series is one of two main subdivisions of the sub-alkaline magma series, the other sub-alkaline magma series being the tholeiitic
Chalcopyrite:	A yellow crystalline mineral consisting of a sulphide of copper and iron. It is the principal ore of copper.
Chlorite:	Is the name of a group of common sheet silicate minerals that form during the early stages of metamorphism. Most chlorite minerals are green in colour, have a foliated appearance, perfect cleavage, and an oily to soapy feel. They are found in igneous, metamorphic and sedimentary rocks.
Chromite:	Chromite is an iron chromium oxide: FeCr <sub>2</sub> O <sub>4</sub> . It is an oxide mineral belonging to the spinel group. Chromite is important because it is the only economic ore of chromium, an essential element for a wide variety of metal, chemical, and manufactured products.
Clastic:	The fragments of pre-existing rocks or minerals that make up a sedimentary rock are called clasts. Sedimentary rocks made up of clasts are called clastic (clastic indicates that particles have been broken and transported).
Cleavage:	Cleavage, in structural geology and petrology, describes a type of planar rock feature that develops as a result of deformation and metamorphism. ... For coarser grained rocks, schistosity is used to describe secondary foliation.
Columbite:	Columbite, also called niobite, niobite-tantalite and columbate [Nb <sub>2</sub> O <sub>6</sub> ], is a black mineral group that is an ore of niobium. It has a submetallic lustre and a high density and is a niobate of iron and manganese
Conglomerate:	Conglomerate is a coarse-grained clastic sedimentary rock that is composed of a substantial fraction of rounded to sub-angular gravel-size clasts, e.g., granules, pebbles, cobbles, and boulders, larger than 2 mm in diameter.
Crust:	The outermost layer of a planet. The crust of the Earth is composed of a great variety of igneous, metamorphic, and sedimentary rocks. The crust is underlain by the mantle.
Cuirasses:	The highly indurated upper facies or horizon of the ferruginous zone of a lateritic regolith (syn. lateritic duricrust).
Diapiric:	A geological structure formed when a mass of material of high plasticity and low density, such as salt, gypsum or magma pushes upward into overlying strata.
Elluvial:	Eluvial deposits are those geological deposits and soils that are derived by in situ weathering or weathering plus gravitational movement or accumulation.
Geophysics:	Is a subject of natural science concerned with the physical processes and physical properties of the Earth and its surrounding space environment, and the use of quantitative methods for their analysis
Graphitic:	Contains graphite.

Granite:	A common type of felsic intrusive igneous rock that is granular and phaneritic in texture. Granites can be predominantly white, pink, or gray in colour, depending on their mineralogy.
Granodiorite:	A phaneritic-textured intrusive igneous rock similar to granite, but containing more plagioclase feldspar than orthoclase feldspar.
Granitoid:	A granitoid or granitic rock is a variety of coarse grained plutonic rock similar to granite which mineralogically is composed predominantly of feldspar and quartz. Examples of granitoid rocks include granite, quartz monzonite, quartz diorite, syenite, granodiorite, and trondhjemite.
Greenschist Facies:	One of the major divisions of the mineral facies classification of metamorphic rocks, the rocks of which formed under the lowest temperature and pressure conditions usually produced by regional metamorphism.
Greenstone Belt:	Zones of variably metamorphosed mafic to ultramafic volcanic sequences with associated sedimentary rocks that occur within Archaean and Proterozoic cratons between granite and gneiss bodies.
Greywacke:	A dark coarse-grained sandstone containing more than 15 per cent clay.
Igneous:	Rock formed through the cooling and solidification of magma or lava.
Intrusion:	Igneous intrusions form when magma cools and solidifies before it reaches the surface. Three common types of intrusion are sills, dykes, and batholiths.
Köppen Climate Classification:	The Köppen Climate Classification System is the most widely used for classifying the world's climate.
Laterite:	Laterite is a soil and rock type rich in iron and aluminium, and is commonly considered to have formed in hot and wet tropical areas. Nearly all laterites are of rusty-red coloration, because of high iron oxide content.
Leucogranites:	A light-coloured, granitic, igneous rock with almost no dark minerals.
Mafic:	An igneous rock that is dominated by the silicates pyroxene, amphibole, olivine, and mica. These minerals are high in magnesium and ferric oxides, and their presence gives mafic rock its characteristic dark colour.
Magmatism:	Magmatism is the emplacement of magma within and at the surface of the outer layers of a terrestrial planet, which solidifies as igneous rocks. It does so through magmatic activity or igneous activity, the production, intrusion and extrusion of magma or lava. Volcanism is the surface expression of magmatism.
Metamorphism:	Metamorphism is the change of minerals or geologic texture in pre-existing rocks, without the protolith melting into liquid magma. The change occurs primarily due to heat, pressure, and the introduction of chemically active fluids.
Meta-	Prefix to a rock or group of rocks to indicate that they have experienced metamorphic change.
Monazite:	Monazite is a rare phosphate mineral with a chemical composition of $(\text{Ce}, \text{La}, \text{Nd}, \text{Th})(\text{PO}_4, \text{SiO}_4)$ . It usually occurs in small isolated grains, as an accessory mineral in igneous and metamorphic rocks such as granite, pegmatite, schist, and gneiss.
Monzogranite:	Monzogranites are biotite granite rocks that are considered to be the final fractionation product of magma. Monzogranites are characteristically felsic, weakly peraluminous, and contain ilmenite, sphene, apatite and zircon as accessory minerals.
Oceanic Crust:	Oceanic crust is the uppermost layer of the oceanic portion of a tectonic plate. The crust and the solid mantle layer together constitute oceanic lithosphere. Oceanic crust is primarily composed of mafic rocks, or sima, which is rich in iron and magnesium.
Olivine:	Olivine is the name of a group of rock-forming minerals that are typically found in mafic and ultramafic igneous rocks such as basalt, gabbro, dunite, diabase, and peridotite. They are usually green in colour and have compositions that typically range between $\text{Mg}_2\text{SiO}_4$ and $\text{Fe}_2\text{SiO}_4$ .

Orogeny:	An Orogeny or orogenic belt, is a mountain-building event, generally one that occurs in geosynclinal areas. An orogeny tends to occur during a relatively short time in linear belts and results in intensive deformation. Orogeny is usually accompanied by folding and faulting of strata, development.
Paleoproterozoic Era:	A geological era which stretched from 2500 million years to 1600 million years before present.
Pegmatite:	Pegmatites are extreme igneous rocks that form during the final stage of a magma's crystallization. They are extreme because they contain exceptionally large crystals and they sometimes contain minerals that are rarely found in other types of rocks.
Pelitic:	A pelite is a metamorphosed fine-grained sedimentary rock, i.e. mudstone or siltstone.
Pentlandite:	An iron-nickel sulfide, $(\text{Fe,Ni})_9\text{S}_8$ .
Phyllitic:	Phyllite is a type of foliated metamorphic rock created from slate that is further metamorphosed so that very fine grained white mica achieves a preferred orientation. It is primarily composed of quartz, sericite mica, and chlorite.
Pluton:	A body of intrusive igneous rock (called a plutonic rock) that is crystallized from magma slowly cooling below the surface of the Earth. Plutons include batholiths, stocks, dikes, sills, laccoliths, lopoliths, and other igneous formations.
Pyroxene:	A group of important rock-forming inosilicate minerals found in many igneous and metamorphic rocks.
Pyrrhotite:	An iron sulfide mineral.
RAB (Rotary Air Blast) Drilling:	Rotary Air Blast (RAB) is the simplest and most economical drilling technique and is typically the first step in a mineral exploration project. Performed by drilling a borehole of about 3 to 3 1/2 inches, using either a drag bit or a down-hole hammer, the soil and rock samples are evacuated by air through the annulus between the drill steel and borehole wall. It is useful for drilling through the regolith but cannot penetrate hard rock efficiently.
RC (Reverse Circulation) Drilling:	Reverse Circulation drilling, or RC drilling, is a method of drilling which uses dual wall drill rods that consist of an outer drill rod with an inner tube. These hollow inner tubes allow the drill cuttings to be transported back to the surface in a continuous, steady flow. RC drilling is capable of drilling deep holes into fresh bedrock.
Diamond Drilling:	Diamond Drilling is a form of core drilling which uses a rotary drill with a diamond drill bit attached in order to create precisely measured holes. As it is a non-percussive technique, structural integrity is maintained around when drilling.
Regolith:	A layer of loose, heterogeneous superficial deposits covering solid rock. It includes dust, soil, broken rock, and other related materials.
Rhyacian period:	The Rhyacian Period is the second geologic period in the Paleoproterozoic Era and lasted from 2300 Mya to 2050 Mya (million years ago).
Sedimentary:	Sedimentary rocks are types of rock that are formed by the deposition and subsequent cementation of that material at the Earth's surface and within bodies of water. Sedimentation is the collective name for processes that cause mineral or organic particles (detritus) to settle in place.
Shear:	A shear zone is a very important structural discontinuity surface in the Earth's crust and upper mantle. It forms as a response to inhomogeneous deformation partitioning strain into planar or curvilinear high-strain zones.
Spodumene:	A pyroxene mineral consisting of lithium aluminium inosilicate, $\text{LiAl}(\text{SiO}_3)_2$ , and is a source of lithium.
Sulphide:	The sulfide minerals are a class of minerals containing sulphide ( $\text{S}^{2-}$ ) as the major anion. Some sulfide minerals are economically important as metal ores.
Synmetamorphic:	At the time of metamorphism.
Tantalite:	The mineral group tantalite $[\text{Ta}_2\text{O}_6]$ is the primary source of the chemical element tantalum. It is chemically similar to columbite, and the two are often grouped together as a semi-singular mineral.

Tectonic Block:	A tectonic block is a part of the Earth's crust that can be treated as a solid rigid crustal block or lithospheric section.
Terrigenous:	Terrigenous sediments are those derived from the erosion of rocks on land; that is, they are derived from terrestrial (as opposed to marine) environments.
Tholeiitic:	The tholeiitic magma series is one of two main magma series in igneous rocks, the other being the calc-alkaline series. Tholeiitic rocks are the most common igneous rocks on Earth, produced by submarine volcanism at mid-ocean ridges and make up much of the ocean crust. Tholeiitic basaltic magmas are initially generated as partial melts of peridotite (olivine and pyroxene) produced by decompression melting of the Earth's mantle.
Tonalite:	Tonalite is an igneous, plutonic rock, of felsic composition, with phaneritic texture. Feldspar is present as plagioclase with 10% or less alkali feldspar. Quartz is present as more than 20% of the rock
Trondjemite:	Trondjemite is a leucocratic intrusive igneous rock. It is a variety of tonalite in which the plagioclase is mostly in the form of oligoclase. Trondjemites are sometimes known as plagiogranites
Ultramafic:	Ultramafic (also referred to as ultrabasic rocks, although the terms are not wholly equivalent) are igneous and meta-igneous rocks with a very low silica content (less than 45%), generally >18% MgO, high FeO, low potassium, and are composed of usually greater than 90% mafic minerals (dark coloured, high magnesium and iron content). The Earth's mantle is composed of ultramafic rocks.
Vein:	A distinct sheet-like body of crystallized minerals within a rock. Veins form when mineral constituents carried by an aqueous solution within the rock mass are deposited through precipitation. The hydraulic flow involved is usually due to hydrothermal circulation.
Volcano-sedimentary:	Volcano-sedimentary sequence, a stratigraphic sequence formed from a combination of volcanic and sedimentary events.
Weathering:	Is the breaking down of rocks and minerals through contact with the Earth's atmosphere, water, and biological organisms. The materials left over after the rock breaks down combined with organic material creates soil.

## JORC Code 2012 – Table 1

### Section 1 Sampling Techniques and Data

Criteria	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Stream sediment samples</li> <li>Laterite Samples</li> <li>Soil Samples</li> <li>Little detail on the nature, representivity and quality of the stream sediment, laterite and soil sampling is available.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Not applicable, no drilling completed.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Not applicable, no drilling completed.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>Not applicable, no drilling completed.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>Not recorded.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>Assaying and laboratory procedures used for the soil, stream and laterite samples are standard for the industry.</li> <li>Samples were analyzed by SGS Ghana in Tarkwa, Ghana.</li> </ul>

Criteria	Commentary
	<ul style="list-style-type: none"> <li>Stream sediment and laterite samples were analyzed by the Bulk Leach Extractable Gold or BLEG method. This is a cyanide-based partial leach procedure that uses a large sample size (0.5 kg to 5 kg). It is used to enhance small gold anomalies during exploration. The cyanide leachate solution is extracted into an organic solvent and measured by flame AAS or ICP-MS.</li> <li>Soil samples were analyzed by aqua regia digest SGS Method Code ARE145) and DIBK extraction. This is a partial leach technique.</li> <li>SGS provided internal quality control procedures (standards, blanks, duplicates). Analysis performed by SGS Ghana in 2010 using standard internal QAQC measures including pulp duplicates, assay duplicates, standards and blanks. This QAQC data was also analyzed by Golden Star and found to be of an acceptable standard.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>No significant intersections are reported</li> <li>There are no drill holes on the project.</li> <li>The digital data was verified against original hard copy reports submitted to the Ivorian Mines Department. Reports contain scans of sample logging and assay reported from the laboratories.</li> <li>There were no adjustments to the assay data.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate sample locations was by hand held GPS. Accuracy is assumed to be within 3 to 5 metres.</li> <li>The grid system used is WGS 1984 UTM Zone 30N.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>Data spacing for laterite samples is 1 kilometre. Data spacing for soil sampling is 200 x 50 metres.</li> <li>Data spacing and distribution is not sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>No sample compositing has been applied.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Soil lines are orientated approximately at right angles to the currently interpreted strike of the known mineralization.</li> <li>No bias is considered to have been introduced by the existing sampling orientation.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>Measures taken to ensure sample security by Golden Star Resources Ltd. are not recorded. When reviewing historical data it is not uncommon to find this data was not recorded.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>There is no information on audits of reviews of the historical data. Data has been cross referenced against original reports and data limitations are understood.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary																						
Mineral tenement and land tenure status	<ul style="list-style-type: none"><li>Tenement details are provided below:</li></ul>																						
	<table><tr><th>Permit</th><th>Permit type</th><th>Date Granted</th><th>Area (km<sup>2</sup>)</th><th>Duration</th></tr><tr><td>Agboville</td><td rowspan="4">Permis de recherché (Or)</td><td>25/10/2017</td><td>395</td><td>4 years</td></tr><tr><td>Agboville et Sikensi</td><td>19/10/2016</td><td>397</td><td>4 years</td></tr><tr><td>Agboville et Gomon</td><td>Application</td><td>397</td><td>-</td></tr><tr><td>Azaguie-Anyama</td><td>Application</td><td>214</td><td>-</td></tr></table>	Permit	Permit type	Date Granted	Area (km <sup>2</sup> )	Duration	Agboville	Permis de recherché (Or)	25/10/2017	395	4 years	Agboville et Sikensi	19/10/2016	397	4 years	Agboville et Gomon	Application	397	-	Azaguie-Anyama	Application	214	-
	Permit	Permit type	Date Granted	Area (km <sup>2</sup> )	Duration																		
	Agboville	Permis de recherché (Or)	25/10/2017	395	4 years																		
	Agboville et Sikensi		19/10/2016	397	4 years																		
Agboville et Gomon	Application		397	-																			
Azaguie-Anyama	Application		214	-																			
	<ul style="list-style-type: none"><li>African Gold Ltd has entered into an agreement to acquire 100% of Golden Ivoire SARL, which holds 100% legal and beneficial ownership of the tenements.</li><li>There are no known issues affecting the security of title or impediments to operating in the area.</li></ul>																						
Exploration done by other parties	<ul style="list-style-type: none"><li>Historical exploration was by Golden Star Resources Ltd</li><li>In 2006 – 2007 Golden Star completed a Bulk Leach Extractable Gold (BLEG) stream sediment and a laterite sampling program, collecting 1,140 laterite samples on approximately 1 km<sup>2</sup> centers and 72 stream sediment samples within African Gold’s areas.</li><li>Analysis of the samples was by SGS Laboratories in Tarkwa, Ghana. Results of the BLEG sampling were subtle however the laterite sampling identified an anomalous area in the north east of the permit with a total area of 185 km<sup>2</sup> considered anomalous for gold.</li><li>In 2009 – 2010 Eburnie Mining Services were commissioned by Golden Star to complete two phases of soil sampling over the gold anomalous area identified by the laterite sampling in the north eastern part of the permit. Phase 1 of the work was completed on an 800 x 50 m grid (3419 samples) and phase 2, infilling the phase 1 work to a 200 x 50 m grid (2401 samples).</li><li>During this program 53 rock chip samples were collected and described before being sent to assay. The rock samples were a mix of quartz veins, meta-siltstones and meta-arenites. Quartz veins were typically boundinaged with a dominant N050 – N070 orientation.</li><li>Assay results from the rock chip samples did not return any significant gold values.</li><li>The results of the two phases of soil sampling defined two gold-in-soil anomalies: The first, the broadest is orientated east- west, 3.5 km long and 1.5 km wide and the second, the longest is orientated north east to south west and is in excess of 10 km long and 1 km wide.</li></ul>																						



Criteria	Commentary
	<ul style="list-style-type: none"> <li>• The maximum gold assay returning from the soil samples was 4.11 g/t gold (4110 ppb). The table in the main body of the report shows all soil samples that returned particularly high gold values (over 250 ppb). In total six soil samples from various locations within the main anomaly returned gold assays exceeding 1 g/t gold (1000 ppb).</li> <li>• In 2016 Sahara Mining Services was engaged by Golden Ivoire and undertook a reconnaissance inspection of the permit and proposed some follow-up work.</li> <li>• In December 2017 Golden Ivoire commenced field work with a reconnaissance mapping exercise. It had been suggested that the gold in soil anomaly may be in part transported and not a reliable indicator of bedrock gold. However, field investigations during this mapping work show the soil profile to be both transported and in-situ, and it is expected that there may indeed be a component of transported material but it is localized.</li> <li>• It appears that there has been no previous exploration on the Azaguie-Anyama exploration permit application area, at least in modern times.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>• The dominant rocks in the area are Birimian-age terigenous sedimentary rocks of the Comoe series comprising sandstones with a phyllitic matrix, arkoses and pelitic layers. There are graphitic and conglomeratic units.</li> <li>• Sedimentological studies from well preserved rocks far from the granitoid intrusions conclude that the Comoe series was transported and deposited in a rather low energy environment that was close to the erosional source that presented moderate relief. Volcanic rocks are also present within the sedimentary sequence however they only form a minor component. It is interpreted that the Comoe sedimentary series was deposited in a shallow continental basin.</li> <li>• Within this sedimentary package a number of leucogranites and layered mafic – ultramafic intrusions have been emplaced. Late stage pegmatitic rocks associated with the leucogranite plutons are present.</li> <li>• The volcano-sedimentary series are affected by D1 to D3 deformation phases of the Eburnean Orogen which here manifested as a WNW directed shortening event. This resulted in upright folds of varying wavelength from one place to another.</li> <li>• A sub-vertical cleavage is sometimes developed, parallel to the mean axial planes of the folds. Cleavage and fold axes strike NNE to NE, parallel to the mean orientation of the elongated shape of the leucogranite plutons resulting in the overall geological trend being north east to south west. A number of 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.</li> </ul>



Criteria	Commentary
	<ul style="list-style-type: none"> <li>• Generally the rocks have been metamorphosed to greenschist facies however higher metamorphic grades up to amphibolite facies are encountered proximal to some intrusions, (Vidal, 2009). For example in the central portion of the project area an occurrence of chlorite-schists and meta-greywackes characterised by abundant chlorite and amphiboles (tremolite-actinolite) has been mapped.</li> <li>• The higher grades encountered near the intrusions is not just a thermal effect resulting from contact metamorphism, but also the product of a pressure increase. Deeper structural levels of the surrounding rocks look to have been turned up around the leucogranite plutons during their emplacement, (Vidal, 2009).</li> <li>• Structural and metamorphic relationships between the volcano-sedimentary series and the leucogranite intrusions suggest that these intrusions were emplaced by diapiric ascent into the upper crust before the end of the horizontal WNW directed shortening event, (Vidal, 2009).</li> <li>• Extensive regolith has developed due to the tropical weathering environment creating deep soils, originally supporting thick forest/jungle – but the original vegetation cover is now just a patchwork of remnant primary and secondary forest, plantations and agricultural lots. All of this largely masking the underlying bedrock.</li> <li>• Mapped mineral occurrences of Côte d’Ivoire compiled by SODEMI and updated in 1996 record columbite, tantalite, monazite, copper, nickel, cobalt, manganese and chromite within the tenements, and lithium and beryllium to the immediate north of the Agboville tenement boundary.</li> <li>• Pegmatites near the township of Agboville, just north of the project area are known to be of the LCT type, and the likely origin of a number of tantalum, lithium and beryllium mineral occurrences in the area. The lithium, beryllium, columbite and tantalite occurrences are likely to be associated with LCT pegmatites derived from the leucogranite (meta-monzogranite) intrusion in the north of, and extending beyond the tenement. Such pegmatites will be spatially associated with these intrusions. Pegmatites have not been identified by mapping within the Project to date.</li> <li>• 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, suggesting that the gold mineralisation is associated with shear zones parallel to the regional structural trend.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>• Not Applicable, no drilling completed.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>• No data aggregation methods have been used.</li> </ul>

Criteria	Commentary
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>Not Applicable, no drilling completed.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>See body of report</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>All sample results are displayed in plans.</li> <li>Rock chip samples undertaken by Eburnie Mining Services have not been included as the rock chip samples did not return any significant gold values.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>No other exploration data known.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>The anomalous historical soil values recorded by Golden Star Resources in the north eastern portion of the Agboville licence formed a large and very robust gold anomaly. Such a soil anomaly represents excellent exploration potential and could host several gold deposits along its strike. In addition to this there are a number of anomalies defined during the regional stream sediment and laterite sampling programs that have yet to be followed up. A number of targets have been identified within this soil data and are ready for drill testing.</li> <li>The soil sampling should be expanded over the other areas of the tenement that, by the historical stream and laterite sampling suggest the presence of gold anomalism. The majority of the Gomon and all of the Azaguie-Anyama exploration permit application areas have similar gold potential and once granted would be tested using surface geochemical methods. This work could generate a number of significant gold targets suitable for drill testing.</li> <li>In the centre of the Project area outcrops a layered mafic-ultramafic intrusion approximately 9 x 4 kilometres in dimensions, elongate, like the granitoid intrusions in the area, in a north east to south west direction. Three other smaller intrusions are mapped to the north west, two of which in part lie within the Project tenements. A number of mineral occurrences are associated with these intrusions and are reported as copper-nickel, chrome-copper-nickel, nickel-cobalt, PGE-nickel-chrome and manganese-cobalt. At least one other chrome mineral occurrence is mapped to the north east of the main intrusive and may indicate the presence of additional intrusives not previously mapped. The USGS on-line spatial database refers to the Ores Krobou area within the project licences as a platinum group element (PGE) – nickel –chrome occurrence that is situated within these layered mafic- ultramafic intrusions but there is little detail, and PGE is not referred to in any other literature.</li> <li>The mapped mineral occurrences of manganese, nickel and cobalt is an indication that nickel laterite mineralisation may have developed in the regolith on these layered mafic/ultramafic intrusions. The presence of nickel and copper +/- cobalt +/- chrome +/- PGE? mineralisation is an indication that primary nickel-copper sulphide hosted mineralisation is present. This type</li> </ul>

Criteria	Commentary
	<p>of mineralisation in layered mafic-ultramafic intrusions are usually of disseminated sulphide mineralisation style but can be massive, matrix and disseminated sulphide mineralisation.</p> <ul style="list-style-type: none"> <li>• The mineral occurrences associated with these layered mafic and ultramafic intrusions are of such a number and over a significantly large enough area to justify a dedicated exploration effort in addition to the focus on the gold potential of the Project.</li> <li>• Lithium, columbite and tantalite, or LCT bearing pegmatites are present in and around the granite intrusions surrounding the town of Agboville, just north of the project. And further east centred on the Adzope area. A number of lithium, beryllium, columbite and tantalite occurrences are mapped spatially associated with several granitoids within and just to the north of the tenement suggesting that prospective pegmatites are likely to be present within the tenement.</li> <li>• In the 1960's at the time of these investigations into the economic potential of these pegmatites it was concluded that the primary, elluvial and alluvial (in the case of beryl) grades were too low to be exploited for profit at the time. However, it was noted that at some future time with an increase in value of these commodities then the pegmatites around Agboville may again be of interest for lithium and beryllium. The lithium bearing pegmatites around Agboville are obvious exploration targets for African Gold during these current times of high lithium prices.</li> </ul>

