Interim Financial Report

African Gold Limited

ACN: 624 164 852

For the period from date of incorporation, 1 February 2018, to 30 June 2018

Contents

Directors' Report

The Directors of African Gold Limited (African Gold or the Company) present their Interim Financial Report of the Company for the period from date of incorporation, 1 February 2018 to 30 June 2018.

Directors

The following persons were Directors of the Company during or since the end of the financial period.

Executive Director

Stephen Parsons appointed 1 February 2018

Mr Parsons was previously the Managing Director of Gryphon Minerals Ltd, which he founded and listed on the Australian Securities Exchange, growing the company to be included on the ASX200 group of companies. During that time, Mr Parsons oversaw the discovery and delineation of the 3.6 Million oz Banfora Gold Project in Burkina Faso in West Africa and the subsequent takeover of the company for $100 Million by a significant North American gold company in late 2016. Mr Parsons has 21 years' experience in the mining industry with a proven track record of mineral discoveries, corporate growth, international investor relations and creating shareholder wealth. Mrs Parsons has an honours degree in Geology.

Other current Directorships:

Bellevue Gold Limited (from 31 March 2017)
Blackstone Minerals Ltd (from 30 October 2017)
Centaurus Metals Limited (from 31 March 2017)

Previous directorships (last 3 years):

Gryphon Minerals Limited (Appointed 1 April 2004, resigned 2 December 2016)

Interest in shares at the date of the report
5,500,000
Interest in options at the date of the report
10,000,000

Evan Cranston - (Non- Executive Chairman), appointed 22 March 2018

Evan Cranston is an experienced mining executive with a background in corporate and mining law. He is the principal of corporate advisory and administration firm Konkera Corporate and has extensive experience in the areas of equity capital markets, corporate finance, structuring, asset acquisition, corporate governance and external stakeholder relations. He holds both a Bachelor of Commerce and Bachelor of Laws from the University of Western Australia.

Other current directorships	*Previous directorships (last 3 years)*
New Century Resources Limited (From 13 July 2017)	Cradle Resources Limited (to 8 May 2016)
Carbine Resources Limited (from 23 March 2010)	Primary Gold Limited (to 29 November 2017)
Boss Resources Limited (from 2 May 2012)	Clancy Exploration Ltd (to 1 December 2017)

Interest in shares at the date of the report
5,500,000
Interest in options at the date of the report
10,000,000

Tolga Kumova (Non-Executive Director), appointed 1 February 2018

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.

Other current directorships	*Previous directorships (last 3 years)*
New Century Resources Limited (From 13 July 2017)	Syrah Resources Limited (to 5 October 2016)
European Cobalt Ltd (from 29 May 2017)	

Interest in shares at the date of the report
5,500,000
Interest in options at the date of the report
10,000,000

Michael Naylor (Director)

Appointed 1 February 2018, resigned 22 March 2018.

Company Secretary

Michael Naylor was appointed company secretary on 1 February 2018. Mr Naylor has 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 resources focused public companies serving on the board and in the executive management team focusing on advancing and developing mineral resource assets and business development.

Mr Naylor has worked in Australia and Canada and has extensive experience in financial reporting, capital raisings, debt financings and treasury management of resource companies.

Principal activities

The planned principal activities of the Company will consist of exploration and evaluation of mineral resources.

Financial results

The Company's loss for the period 1 February 2018 to 30 June 2018 amounted to $1,068,103.

Service agreements

The Company has entered into an executive services agreement with Stephen Parsons (Executive Services Agreement) to provide executive services. A summary of the key terms is as follows:

- the Company will pay a salary of $120,000 per annum (plus statutory superannuation) from accruing from the date the Company lists on ASX to be reviewed annually by the Company; and
- the Company may in its sole discretion terminate the employment of Stephen Parsons by giving 6 months written notice.

The Company has entered into non-executive letters of appointment with Tolga Kumova and Evan Cranston (NEDs). A summary of the key terms is as follows:

- Tolga Kumova fees of $48,000 per annum (plus statutory superannuation), accruing from the date the Company lists on ASX;
- Evan Cranston fees of $60,000 per annum (plus statutory superannuation), accruing from the date the Company lists on ASX.

Events arising since the end of the reporting period

The Company raised the remaining seed capital of 1,800,000 fully paid ordinary shares at $0.10 per share to raise $180,000 and promoter shares of 500,000 fully paid ordinary shares at $0.005 to raise $2,500.

There are no other matters or circumstances that have arisen since the end of the reporting period that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years

Likely developments and expected results

The Company is committed to realising value from the exploration asset acquisition and is targeting a listing on the Australian Securities Exchange in the first quarter of 2019.

Unissued shares under option

The Company issued the following management options and performance rights as follows:

- 35,000,000 management and Directors options have an exercise price of $0.20 and an expiry date of 31 March 2023.
- 2,000,000 performance rights vesting conditions are achieved on 18 months of continued employment and delineation of 500,000 ounces of gold (or equivalent value if another commodity) within 3 years of the Commencement Date (date of listing of the Company to the ASX).

Other than stated above, during or since the end of the reporting period, the Company did not issue any share options.

Shares issued during or since the end of the year as a result of exercise

During or since the end of the reporting period, the Company did not issue any ordinary shares as a result of the exercise of options.

Auditor's independence declaration

The lead auditor's independence declaration for the period from incorporation to 30 June 2018 has been received and is attached to this Directors' Report.

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

Mr Stephen Parsons
Executive Director
Perth, WA - dated 5 December 2018

Statement of Profit or Loss and Other Comprehensive Income

For the period from date of incorporation, 1 February 2018 to 30 June 2018

	Notes	2018 $
Accounting and audit		(18,125)
Employee benefits expense		(16,650)
Share based payments	10	(748,152)
Consultants and contractors		(116,996)
Exploration expenditure		(66,288)
Other expenses		(5,498)
Impairment of loan - Golden Ivoire SARL		(96,394)
Loss before income tax		**(1,068,103)**
Income tax expense		-
Loss for the period after tax		**(1,068,103)**
Other comprehensive loss for the period, net of tax		**-**
Total comprehensive loss for the period		**(1,068,103)**

Note: This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2018

	Notes	2018 $
Assets		
Current		
Cash & cash equivalents	6	167,912
Prepayments	7	4,583,736
Total current assets		4,751,648
Non-current		
Investment	13	30,000
Loan – Golden Ivoire SARL	14	-
Total non-current assets		30,000
Total assets		**4,781,648**
Liabilities		
Current		
Trade and other payables	8	274,436
Total current liabilities		274,436
Total liabilities		**274,436**
Net assets		**4,507,212**
Equity		
Contributed equity	9	313,750
Reserves	10	5,261,565
Accumulated losses		(1,068,103)
Total equity		**4,507,212**

Note: This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the period from date of incorporation, 1 February 2018, to 30 June 2018

	Notes	Share capital $	Share based payments reserve $	Accumulated losses $	Total equity $'000
Loss for the period		-		(1,068,103)	(1,068,103)
Other comprehensive loss		-	-	-	-
Total comprehensive loss		**-**	**-**	**(1,068,103)**	**(1,068,103)**
Transactions with owners and options					
Issue of share capital	9	313,750	-	-	313,750
Fair value of options to management and directors treated as prepaid listing costs	7, 10		4,513,413	-	4,513,413
Fair value of options to management and directors treated as share based payment expense	10.1		748,152	-	748,152
Balance at 30 June 2018		**313,750**	**5,261,565**	**(1,068,103)**	**4,507,212**

Note: This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the period from date of incorporation, 1 February 2018, to 30 June 2018

	Notes	2018 $
Operating activities		
Payment to suppliers and employees		(37,590)
Payment for exploration and evaluation		(16,287)
Net cash used in operating activities		**(53,877)**
Investing activities		
Investment in subsidiary	13	(30,000)
Net cash used in investing activities		**(30,000)**
Financing activities		
Proceeds from share issuances		313,250
Proceeds from option issuances		3,500
Loans to subsidiary – Golden Ivoire SARL		(65,461)
Net cash provided by financing activities		**251,789**
Net decrease in cash and cash equivalents		167,912
Cash and cash equivalents, date of incorporation		-
Cash and cash equivalents, end of period	6	**167,912**

Note: This statement should be read in conjunction with the notes to the financial statements.

Notes to the Interim Financial Statements

1 Corporate information

African Gold Limited ('the Company') is a for-profit entity for the purpose of preparing the financial statements. These interim financial statements are the first set prepared by the entity.

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

The interim financial statements for the period from date of incorporation, 1 February 2018 to 30 June 2018 were approved and authorised for issue by the Board of Directors on 5 December 2018.

2 Basis of presentation and statement of compliance

These general purpose condensed interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting and IAS 34 Interim Financial Reporting*.

The accounting policies used in the preparation of this financial report, as described below. The financial report has been prepared under the historical cost basis. The financial statements are presented in Australian Dollars, which is also the functional currency of the Company.

3 Going Concern

At 30 June 2018, the Company had cash and cash equivalents of $167,912. The Company incurred a net loss of $1,068,103 and had cash outflows from operating activities of $53,877 during the half year ended 30 June 2018.

The Company is currently in the process of preparing a prospectus for the Company to list on the ASX (which is expected to be lodged with the ASX by the last quarter of 2018) and to raise a minimum of $4,500,000 (before costs). At the date of this interim financial report, the initial public offering has not been concluded and no guarantee can be given that a successful fund raising outcome will eventuate.

Should the Company not achieve the capital raising, there is significant uncertainty whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

4 Summary of significant accounting policies

4.1 Interest Income

Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable.

4.2 Trade and Other Payables

These amounts represent liabilities for amounts owing at end of the reporting period. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are initially recognised at fair value less transaction costs and subsequently carried at amortised cost.

4.3 Income taxes

Current tax, deferred tax liabilities and deferred tax assets arising from temporary differences are allocated to members of the tax-consolidated group using the 'stand-alone taxpayer' approach. Deferred taxes on temporary differences are measured in the separate financial statements of each entity in the tax consolidated group using tax bases as determined by the tax consolidated group. Any current tax liabilities or assets and unused tax losses of the member entity are assumed by the head entity of the tax consolidated group and are recognised as an equity contribution from or distribution to the head entity.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.5 Equity

Share capital is recognised at the fair value of the consideration received. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

4.6 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.7 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is capitalised and accumulated in respect of each identifiable area of interest. The costs are only carried forward to the extent that they are valid exploration and evaluation expenditure in area of interests that have current tenement licenses belonging to the company and expected to be recouped 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 resources and further work is intended to be performed. Accumulated costs in relation to an abandoned area will be written off in full against the profit and loss in the year in which the decision to abandon the area is made.

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

4.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

4.9 Share based payment transactions

The Company may provide benefits to individuals acting as, and providing services similar to employees (including Directors) of the Company in the form of share based payment transactions, whereby individuals render services in exchange for shares, options or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the value of the shares of the Company ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

4.10 Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. Liabilities arising in respect of wages and salaries, annual leave and other benefits due to be settled within twelve months of the reporting date are measured at rates which are expected to be paid when the liability is settled.

All other employee entitlement liabilities are measured at the present value of estimated payments to be made in respect of services rendered up to reporting date.

Contributions for pensions and other post-employment benefits to defined contribution plans are recognised in comprehensive income as incurred during the period in which employees render the related service.

5 New and amended accounting standards and interpretations issued but not yet effective

Accounting standards effective for the period

The Company has adopted all Accounting Standards and Interpretations relevant to the Company that became effective for financial reports beginning on or after 1 January 2018. These include the following, alongside disclosure of the impact, if any, to the Company's results:

AASB 15 Contracts with Customers ("AASB 15") [IFRS 15]

- replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations:
  - establishes a new revenue recognition model
  - changes the basis for deciding whether revenue is to be recognised over time or at a point in time
  - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
  - expands and improves disclosures about revenue.

This standard had no impact on the balances and transactions reported in this financial report.

AASB 9 Financial Instruments ("AASB 9") [IFRS 9]

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

This standard had no impact on the balances and transactions reported in this financial report.

New and amended accounting standards and interpretations issued but not yet effective

Accounting Standards and Interpretations, relevant to the Company, that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 31 December 2017 are outlined as below:

AASB 16 Leases ("AASB 16") [IFRS 16]

Nature of change
AASB 16 requires lessees to account for all leases under a single on-balance sheet model. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Application date
Annual reporting periods beginning on or after 1 January 2019.

Impact on initial application
Based on an initial impact assessment, the new accounting standard is not expected to impact the Company as it currently does not have any significant operating or finance leases.

6 Cash and cash equivalents

	2018 **$**
Cash in hand and at bank	167,912

7 Trade and other receivables

	2018 $
Prepaid listing costs – Note 10.1	4,568,079
Prepaid insurance costs	8,025
Other	7,632
Total	**4,583,736**

8 Trade and other payables

	2018 $
Trade payables	79,227
Accruals and other payables	195,209
Total	**274,436**

9 Share capital

	2018 No. of Shares	2018 $
Shares issued and fully paid ordinary shares:		
Shares issued at $0.001 per share	1	-
Shares issued at $0.005 per share	19,750,000	98,750
Shares issued at $0.10 per share	2,150,000	215,000
Total share capital on issue at 30 June 2018	**21,900,000**	**313,750**

The share capital of the Company consists only of fully paid ordinary shares. The shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

<u>Capital management</u>

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management consider that the total equity of the Company (contributed equity, reserves and retained earnings) is what it manages as capital.

9.1 Share options

The movements in share options during the year are shown below:

Grant Date	Date of Expiry	Exercise Price	Balance 1 Feb 18	Granted	Lapsed	Exercised	Balance 30 Jun 18	Vested 30 Jun 18
20/3/2018	31/03/2023	$0.20	-	35,000,000	-	-	35,000,000	35,000,000

10 Reserve

	Note	Number of Options	Number of Rights	2018 $
Share Based Payments Reserve				
Balance at the beginning of the year				-
Options issued to directors	10.1	30,000,000		4,509,913
Options issued to management	10.1	5,000,000		751,652
Performance rights issued to employee	10.2		2,000,000	-
Balance at the end of the year		**35,000,000**	**2,000,000**	**5,261,565**

10.1 Share options

Awarded during the year	Award date and Vesting date	Expiry date	Fair value of option at award date ($)	Exercise price (Cents)	Risk free rate	Expected volatility	Value of options granted during the year ($)	Amount of expense recognised ($)
35,000,000	20/3/2018	31/3/2023	0.15033	0.20	2.10%	100%	5,261,565	751,652
					Less: option cash consideration received			(3,500)
							Total:	**748,152**

The Company has treated the value of the options issued to Directors ($4,509,913) as Prepaid Listing Costs included in Note 7. This treatment is selected based on the nature of the remuneration to the Directors in their capacity as advisors and their ongoing services to complete the Company's prospectus and admit the Company to the ASX as discussed in Note 3. The balance will be unwound against Share Capital when the related share issuance under the Prospectus occurs.

10.2 Performance rights issued to employee

During the period, the company entered a contract with an employee for the issuance of 2,000,000 performance rights. The rights contain performance conditions, with the period of vesting starting on the date that the Company is admitted to official list of the ASX. Given that this has yet to occur as at 30 June 2018, the total expense of $200,000, calculated at the share price on issuance (10 cents) multiplied by the number of 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.

11 Fair values

The carrying amounts of trade payables, trade receivables and loans and receivables are assumed to approximate their fair values due to their short-term nature.

12 Operating segments

The company did not operate during the period and therefore did not have any operating segments.

13 Investment

On 29 March 2018, the Company signed a share purchase agreement to purchase all ordinary shares of Golden Ivoire SARL, an entity domiciled in Cote D'Ivoire with local exploration and evaluation tenements. A cash consideration has been paid of $30,000 on 24 April 2018 as part of the agreement and has been recorded as an Investment in Subsidiary at cost.

In accordance with the share sale agreement, there is a share consideration to be distributed for the acquisition equivalent to 8,250,000 ordinary shares in the Company at $0.20 per share amounting to $1,650,000. The transaction is pending completion which will occur upon listing on the ASX. The purchase will be accounted for as an asset acquisition (Evaluation and Exploration Asset) as Golden Ivoire SARL does not meet the accounting definition of a business.

14 Loan - Golden Ivoire SARL

During the period, the Company loaned amounts of $96,394 to Golden Ivoire SARL for the purposes of conducting exploration and evaluation activity on behalf of the Company. This loan accumulated through the combination of cash loaned to Golden Ivoire SARL and re-charged amounts. The loan has no interest or maturity. These amounts have been fully provided for given inherent uncertainties in the ability of Golden Ivoire SARL to repay the loan.

15 Post-reporting date events

The Company raised the remaining seed capital of 1,800,000 fully paid ordinary shares at $0.10 per share to raise $180,000 and promoter shares of 500,000 fully paid ordinary shares at $0.005 to raise $2,500.

There are no other matters or circumstances that have arisen since the end of the reporting period that have significantly affected or may significantly affect either:

- the entity’s operations in future financial years
- the results of those operations in future financial years; or
- the entity’s state of affairs in future financial years.

Directors' Declaration

In accordance with a resolution of the Directors of African Gold Limited, I state that:

1. In the opinion of the Directors:

   (a) the interim condensed financial statements and notes of African Gold Limited for the period from date of incorporation, 1 February 2018 to 30 June 2018:

      (i) presents fairly the Company's financial position as at 30 June 2018 and of its performance for the period ended on that date;

      (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting;* and

      (iii) comply with International Accounting Standard IAS 34 *Interim Financial Reporting*.

   (b) subject to the achievement of the matters set out in note 3, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Mr Stephen Parsons
Director

Dated the 5th day of December 2018

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Independent Auditor's Review Report

To the Members of African Gold Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of African Gold Limited (the Company), which comprises the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of African Gold Limited does not give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial report, which indicates that the Company incurred a net loss of $1,068,103 and had cash outflows from operating activities of $53,877 during the half year ended 30 June 2018. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of African Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 5 December 2018

Grant Thornton

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Auditor's Independence Declaration

To the Director of African Gold Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of African Gold Limited for the half-year ended 30 June 2018. I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 5 December 2018