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# Financial Report

For half year ended 30 June 2021



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# CORPORATE DIRECTORY

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## Directors

<b>Evan Cranston</b>	Non-Executive Chairman
<b>Simon Bolster</b>	Non-Executive Director
<b>Tolga Kumova</b>	Non-Executive Director
<b>Mathew O'Hara</b>	Non-Executive Director
<b>Peter Williams</b>	Non-Executive Director

## Company Secretary

**Oonagh Malone**

## Chief Executive Officer & Exploration Manager

**Glen Edwards**

## Contact Information

### Registered Office & Principal Place of Business

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W: [www.african-gold.com](http://www.african-gold.com)

## Stock Exchange Listing

### Australian Securities Exchange (ASX)

ASX Code: A1G

## Australian Business Number

ABN 29 624 164 852

## Share Registry

### Automatic Registry Services

Level 5, 126 Phillip Street

Sydney NSW 2000

Phone (within Australia): 1300 288 664

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## Auditor

### Grant Thornton Audit Pty Ltd

Level 43, Central Park

152-158 St Georges Terrace

PERTH, WA 6000

# DIRECTORS' REPORT

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For the half year ended 30 June 2021

The Directors of African Gold Ltd ("African Gold" or the "Company") and its consolidated entities (collectively, the "Group") present their report together with the financial statements of the Group for the half year ended 30 June 2021.

## BOARD OF DIRECTORS

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

### Non-Executive Chairman

Evan Cranston (transitioned from Executive to Non-Executive effective 30 April 2021)

### Non-Executive Director

Simon Bolster (appointed 23 February 2021)

### Non-Executive Director

Tolga Kumova

### Non-Executive Director

Mathew O'Hara

### Non-Executive Director

Peter Williams (appointed 23 February 2021)

## PRINCIPAL ACTIVITIES

African Gold is an exploration company focused on exploration and evaluation of mineral resources in West Africa. The principal activities of the Company are mining and mineral exploration. The nature of activities has been affected by local and international movement/travel restrictions related to the Covid-19 pandemic.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## OPERATING RESULTS

The loss after income tax incurred by the group for the six months ended 30 June 2021 was \$896,604 (30 June 2020: \$417,912).

Cash and cash equivalents at 30 June 2021 totalled \$474,624 (31 December 2020: \$1,467,417).

No dividends were declared or paid during the six months ended 30 June 2021 (2020: nil).

## REVIEW OF OPERATIONS

During the half year the Company:

- In January 2021, completed the issue of 2,438,885 shortfall shares at \$0.10 per share from the non-renounceable rights issue undertaken in December 2020, raising \$243,888 (before costs).

# DIRECTORS' REPORT

For the half year ended 30 June 2021

- Completed the issue of 8,024,706 Tranche 2 placement shares at \$0.10 per share, raising a further \$802,470 (before costs), which included the issue of 4,950,000 to directors or their nominees as approved by shareholders on 5 February 2021.
- Issued a total of 5,000,000 unquoted options exercisable at \$0.20 expiring on 22 February 2024, consisting of 2,500,000 options issued to each of Mr Evan Cranston and Mr Tolga Kumova, or their nominees, for underwriting the non-renounceable entitlement issue undertaken in December 2020. This option issue was approved by shareholders on 5 February 2021 and there was no consideration payable for the options.
- Entered into an option agreement to acquire 80% of the Kouroufaba Gold Project which gives access to a strategic land holding consisting of the Didievi granted permit and 3 permit applications totalling 1,534km<sup>2</sup> of prospective tenure over proven Birimian greenstone belts in Central Côte d'Ivoire. The consideration payable for the option was as follows:
  - i) payment of \$200,000; and
  - ii) 4,000,000 shares in the Company issued to the vendors on a pro-rata basis on 23 February 2021.
- Completed a 3,300m diamond and RC drill program at Didievi in Côte d'Ivoire.
- Completed a 9,338m auger drill program and a 2,500 soil sample program at Walia-Kofi Ouest Project in the Kedougou-Kenieba Inlier in West Mali.
- Appointed Mr Peter Williams and Mr Simon Bolster as Non-Executive Directors.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 8 September 2021, the Company lodged a prospectus for a non-renounceable pro-rata offer to eligible shareholders on the basis of 2 new shares for every 7 shares held on 22 September 2021 at an issue price of \$0.15 each to raise approximately \$3.9 million (before costs).

Other than the above there have not been any events that have arisen between 30 June 2021 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

## AUDITOR'S INDEPENDENCE DECLARATION

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

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



Evan Cranston

Executive Chairman

Perth, WA - dated 13<sup>th</sup> September 2021

## Auditor's Independence Declaration

### To the Directors of African Gold Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of African Gold Ltd for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L A Stella  
Partner – Audit & Assurance

Perth, 13 September 2021

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
Accounting and audit		(121,713)	(76,859)
Consultants and contractors		(36,490)	(28,898)
Depreciation and amortisation		(385)	(920)
Employee benefits expense		(164,960)	(135,407)
Exploration expenditure		(23,924)	-
Exploration expenditure written off		(337,765)	-
Listing and compliance		(49,716)	(12,765)
Net foreign exchange gains/(losses)		5,290	(15,453)
Office rental & outgoings		(24,000)	(21,095)
Share based payments		(67,571)	(43,068)
Travel and accommodation		(18,015)	(25,715)
Other expenses		(57,501)	(95,903)
<b>Loss before income tax and finance income</b>		<b>(896,750)</b>	<b>(456,083)</b>
Other income		146	38,171
<b>Loss before income tax</b>		<b>(896,604)</b>	<b>(417,912)</b>
Income tax expense		-	-
<b>Loss for the period after tax</b>		<b>(896,604)</b>	<b>(417,912)</b>
<b>Other Comprehensive Loss for The Period</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
<b>Foreign currency translation reserve</b>			
Foreign currency translation differences – foreign operations	5.2	6,762	20,725
<b>Other comprehensive loss for the period, net of tax</b>		<b>6,762</b>	<b>20,725</b>
<b>Total comprehensive loss for the period</b>		<b>(889,842)</b>	<b>(397,187)</b>
<b>Loss per share attributable to equity holders of the Parent Company:</b>			
<b>Loss per share:</b>			
Basic and Diluted loss per share (cents per share)		(1.03)	(0.72)

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 \$	31 December 2020 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash & cash equivalents		474,624	1,467,417
Trade and other receivables		107,508	76,556
Other current assets		29,400	4,545
<b>Total current assets</b>		<b>611,532</b>	<b>1,548,518</b>
<b>Non-current</b>			
Property, plant and equipment		-	385
Exploration and evaluation assets	4	7,399,449	4,951,106
<b>Total non-current assets</b>		<b>7,399,449</b>	<b>4,951,491</b>
<b>Total assets</b>		<b>8,010,981</b>	<b>6,500,009</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		413,516	67,396
Provisions		20,973	13,392
<b>Total current liabilities</b>		<b>434,489</b>	<b>80,788</b>
<b>Total liabilities</b>		<b>434,489</b>	<b>80,788</b>
<b>Net assets</b>		<b>7,576,492</b>	<b>6,419,221</b>
<b>EQUITY</b>			
Share capital	5.1	4,298,066	2,973,524
Reserves	5.2	7,242,238	6,512,905
Accumulated losses		(3,963,812)	(3,067,208)
<b>Total equity</b>		<b>7,576,492</b>	<b>6,419,221</b>

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



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2021

	Note	Share capital	Reserves	Accumulated losses	Total equity
		\$	\$	\$	\$
Balance at 1 January 2020		1,138,992	6,587,446	(2,352,069)	5,374,369
Loss for the period		-	-	(417,912)	(417,912)
Other comprehensive loss		-	20,725	-	20,725
Total comprehensive loss for the period		-	20,725	(417,912)	(397,187)
Share-based payments expensed		-	43,068	-	43,068
Balance at 30 June 2020		1,138,992	6,651,239	(2,769,981)	5,020,250
Balance at 1 January 2021		2,973,524	6,512,905	(3,067,208)	6,419,221
Loss for the period		-	-	(896,604)	(896,604)
Other comprehensive loss		-	6,762	-	6,762
Total comprehensive loss for the period		-	6,762	(896,604)	(889,842)
Issue of share capital (cash)		1,116,359	-	-	1,116,359
Issue of share capital (acquisition of tenements)		880,000	-	-	880,000
Issue of share capital (employee incentive shares)		52,500	(52,500)	-	-
Costs of issue of share capital (options issued)		(707,500)	707,500	-	-
Cost of issue of share capital		(16,817)	-	-	(16,817)
Share-based payments expensed		-	67,571	-	67,571
Balance at 30 June 2021		4,298,066	7,242,238	(3,963,812)	7,576,492

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
<b>OPERATING ACTIVITIES</b>			
Payment to suppliers and employees		(497,981)	(349,270)
Interest received		347	1,616
Other income		-	36,555
Net cash used in operating activities		<b>(497,634)</b>	<b>(311,099)</b>
<b>INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation assets		(1,396,634)	(680,351)
Payments for acquisition of mining tenement		(200,000)	(25,388)
Net cash used in investing activities		<b>(1,596,634)</b>	<b>(705,739)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from share and option issuances		1,116,359	-
Share issue transaction costs		(16,818)	-
Net cash inflow from financing activities		<b>1,099,541</b>	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(994,727)</b>	<b>(1,016,838)</b>
Cash and cash equivalents at the beginning of the period		1,467,416	1,627,846
Effect of foreign exchange rate changes		1,935	9,363
<b>Cash and cash equivalents at the end of the period</b>		<b>474,624</b>	<b>620,371</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2021

## 1 Corporate information

African Gold Ltd (the “Company” or “African Gold”) is a for-profit for the purpose of preparing the financial statements. The Company is incorporated and domiciled in Australia and listed on the Australian Securities Exchange on 14 February 2019. The condensed consolidated financial statements of the Company for the half year ended 30 June 2021 (“Half Year”) comprise the Company and the entities it controlled (the “Group”).

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

The address of its registered office and its principal place of business is Suite 23, 513 Hay Street, Subiaco WA 6008.

The condensed financial statements for the period six months ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 13<sup>th</sup> September 2021.

## 2 Basis of presentation and statement of compliance

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

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2020 and any public announcements made by the Company during the Half Year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

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

### Going concern

At 30 June 2021, the Group had cash and cash equivalents of \$474,624 (31 December 2020: \$1,467,417). The Group incurred a net loss of \$896,604 (30 June 2020: \$417,912) and had cash outflows from operating and investing activities of \$2,094,268 during the half year ended 30 June 2021 (30 June 2020: \$1,016,838). The ability of the Group to continue as a going concern is dependent upon the future successful raising of the necessary funding through disposal of assets, equity and/or debt and the successful exploitation of the Group’s tenements.

The Directors believe it is appropriate to prepare the financial statements on a going concern basis because the Directors have appropriate plans to raise additional funds (refer Note 9).

These financial statements have been prepared on the basis that the Group can meet its commitments as and when they fall due and can therefore continue normal business activities and the realisation of its assets and settlement of its liabilities can occur in the ordinary course of business.

In the event the Group is not able to achieve the above requirements, there is uncertainty whether the Group will continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in its financial report.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2021

## 3 New and amended accounting standards

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2020.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2021 affected any of the amounts recognised in the current period or any prior period.

The Company has not elected to adopt any new Accounting Standards or Interpretations prior to their applicable date of implementation.

## 4 Exploration and evaluation asset

	Note	30 June 2021 \$	31 December 2020 \$
<b>Carrying amount at the beginning of the period</b>		<b>4,951,106</b>	<b>4,390,255</b>
Acquisition of Faleme Gold Project <sup>(1)</sup>		159,870	-
Acquisition of Kofi Quest Permit <sup>(1)</sup>		93,258	24,739
Final payment of acquisition of Walia Permit		-	53,744
Acquisition of Kouroufaba Project <sup>(2)</sup>		1,080,000	-
Amount capitalised during the period		1,467,718	513,885
Exploration expenditure written off <sup>(3)</sup>		(337,765)	-
Foreign exchange movement for the period		(14,738)	(31,517)
<b>Carrying amount at the end of the period</b>		<b>7,399,449</b>	<b>4,951,106</b>

(1) The Group has accrued the remaining payment obligations for Faleme Gold Project (BouBou and Bourdala Permits) and the Kofi Quest Permit as at 30 June 2021.

(2) During the period ended 30 June 2021, the Company entered into an option agreement to acquire 80% of the Kouroufaba Gold Project for the following consideration:

- i) payment of \$200,000; and
- ii) 4,000,000 shares in the Company issued to the vendors on a pro-rata basis with a fair value of \$880,000 based on a closing price of \$0.22 on 5 February 2021 being the date of shareholder approval of the acquisition.

(3) On 3 July 2021, the Group relinquished the Diokeba Sud and Tintinba Nord Permits in Mali and, accordingly, capitalised exploration costs for these permits was written off as at 30 June 2021.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2021

## 5 Equity

### 5.1 Share Capital

	Number of Shares	\$
<b>At 31 December 2019</b>	<b>58,100,001</b>	<b>1,138,992</b>
Shares issued as part consideration for Bourdala Permit	735,294	102,941
Conversion of performance rights held by Glen Edwards	1,000,000	100,000
Shares issued via placement at \$0.10 per share	8,975,294	897,529
Shares issued via non-renounceable rights issue at \$0.10 per share	7,533,664	753,366
Less cost of share issues	-	(19,304)
<b>At 31 December 2020</b>	<b>76,344,253</b>	<b>2,973,524</b>
Shortfall of non-renounceable rights issue issued at \$0.10 per share	2,438,885	243,888
Part consideration for Kouroufaba Gold Project <sup>(1)</sup>	4,000,000	880,000
Employee incentive shares issued <sup>(2)</sup>	250,000	52,500
Issue of shares via entitlement offer at \$0.10 per share	8,024,706	802,471
Exercise of options at \$0.20 per share	350,000	70,000
Less cost of share issues <sup>(3)</sup>	-	(724,317)
<b>At 30 June 2021</b>	<b>91,407,844</b>	<b>4,298,066</b>

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.

- (1) 4,000,000 shares in the Company issued to the vendors of the Kouroufaba Gold Project on a pro-rata basis with a fair value of \$880,000 based on a closing price of \$0.22 on 5 February 2021 being the date of shareholder approval of the acquisition.
- (2) 250,000 employee incentive shares at a fair value of \$0.21 per shares being the closing price on the issue date of 22 February 2021.
- (3) The cost of share issues includes \$707,500 being the fair value of 5,000,000 unlisted options issued to Mr Evan Cranston (2,500,000 options) and Mr Tolga Kumova (2,500,000 options), or their nominees, for underwriting the non-renounceable entitlement issue undertaken in December 2020.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2021

## 5.2 Reserves

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

	Share based payments reserve \$	Foreign currency translation reserve \$	Total reserves \$
<b>Balance at 1 January 2020</b>	<b>6,587,254</b>	<b>192</b>	<b>6,587,446</b>
Foreign currency translation differences	-	(39,832)	(39,832)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(39,832)</b>	<b>(39,832)</b>
<b>Transactions with owners in their capacity as owners:</b>			
Share-based payment transactions			
Performance Rights	65,291	-	65,291
Vested performance rights transferred to contributed equity	(100,000)	-	(100,000)
<b>Balance at 31 December 2020</b>	<b>6,552,545</b>	<b>(39,640)</b>	<b>6,512,905</b>
Foreign currency translation differences	-	6,762	6,762
<b>Total comprehensive gain</b>	<b>-</b>	<b>6,762</b>	<b>6,762</b>
<b>Transactions with owners in their capacity as owners:</b>			
Employee incentive shares	(52,500)	-	(52,500)
Options issued to underwriters	707,500	-	707,500
Performance Rights	67,571	-	67,571
<b>Balance at 30 June 2021</b>	<b>7,275,116</b>	<b>(32,878)</b>	<b>7,242,238</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2021

## 5.3 Share based payments

During the half year ended 30 June 2021, the Company made the following share based payments:

1. Issuing 250,000 employee incentive shares at a fair value of \$0.21 per shares being the closing price on the issue date of 22 February 2021, for a total fair value of \$52,500.
2. Issuing 5,000,000 unlisted options were issued to Mr Evan Cranston (2,500,000 options) and Mr Tolga Kumova (2,500,000 options), or their nominees, for underwriting the non-renounceable entitlement issue undertaken in December 2020. The fair value of these options was \$707,500 and the amount was treated as a capital raising cost and accounted for against Share Capital in the Statement of Financial Position.
3. Expensing an amount of \$67,571 being a proportion of performance rights which were originally issued on 1 November 2018 and are being recognised as an expense on a straight-line basis over the vesting period.

During the half year ended 30 June 2020, the share based payment expense consisted of expensing a proportion of performance rights which were originally issued on 1 November 2018 and are being recognised as an expense on a straight-line basis over the vesting period. There were no other share based payments during the period.

Set out below is a summary of unlisted options and performance rights outstanding at 30 June 2021:

	Vested	Unvested	Issue Date	Expiry date	Exercise price (cents)	Fair value per unit at issue date (cents)	Total fair value at issue date \$
Unlisted Options	9,650,000	-	7/2/19	7/2/22	0.20	0.1257 <sup>(1)</sup>	1,212,553
Unlisted Options	34,750,000	-	20/3/18	31/3/23	0.20	0.1503 <sup>(1)</sup>	5,223,982
Unlisted Options	5,000,000	-	23/2/21	22/2/24	0.20	0.1415 <sup>(1)</sup>	707,500
Performance Rights	-	1,000,000	1/11/18	14/2/22	N/A	0.10 <sup>(2)</sup>	100,000

(1) Valuation was determined using a Black Scholes pricing model.

(2) The performance rights have non-market vesting conditions only. Management estimates the number of units that are expected to vest and the total fair value of the issuance is recognised over the vesting period (which is the period to expiry).

## Share Options on Issue

The Company has determined the fair value of its options awarded using the Black Scholes pricing model. The following share options were issued during the six months ended 30 June 2021, alongside the key inputs utilised in the pricing model, including the Company's risk-free borrowing rate and volatility of the Company's shares.

5,000,000 unlisted options were issued to Mr Evan Cranston (2,500,000 options) and Mr Tolga Kumova (2,500,000 options), or their nominees, for underwriting the non-renounceable entitlement issue undertaken in December 2020. This option issue was approved by shareholders on 5 February 2021 and there was no consideration payable for the options.

Granted during the year	Grant date and Vesting date	Expiry date	Fair value of option at Grant date (\$)	Exercise price (Cents)	Risk free rate	Expected volatility	Value of options granted during the year (\$)
5,000,000	5/2/21	23/2/24	0.1415	0.20	0.13%	111.42%	707,500

There were no share options issued during the half year ended 30 June 2020.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2021

## 6 Segment information

The Group reports two segment at the end of the half-year:

- Exploration and evaluation of Minerals in Cote d'Ivoire
- Exploration and evaluation of Minerals in Mali

These are the geographical areas, the results are which reported to the chief operating decision maker, being the Chief Executive Officer and Exploration Manager for the purposes of assessing performance and determining the allocation of resources.

	Mali \$	Cote d'Ivoire \$	Total \$
<b>Six months ended 30 June 2021</b>			
Segment results - Loss after income tax	(381,467)	(44,325)	<b>(425,792)</b>
Unallocated losses after income tax			<b>(470,812)</b>
Loss after income tax			<b>(896,604)</b>
<b>30 June 2020</b>			
Segment assets	2,824,096	4,731,211	<b>7,555,307</b>
Unallocated assets			455,674
Total assets			<b>8,010,981</b>
Segment liabilities	(318,187)	(55,164)	<b>(373,351)</b>
Unallocated liabilities			<b>(61,138)</b>
Total liabilities			<b>(434,489)</b>
<b>Six months ended 30 June 2020</b>			
Segment results - Loss after income tax	(12,037)	(2,160)	<b>(14,197)</b>
Unallocated losses after income tax			<b>(403,715)</b>
Loss after income tax			<b>(417,912)</b>
<b>30 June 2020</b>			
Segment assets	2,197,155	2,595,684	<b>4,792,839</b>
Unallocated assets			633,979
Total assets			<b>5,426,818</b>
Segment liabilities	(62,497)	-	<b>(62,497)</b>
Unallocated liabilities			<b>(344,071)</b>
Total liabilities			<b>(406,568)</b>

## 7 Contingent liabilities

Kouroufaba Gold Project

To exercise the Earn-in Option in relation to the Kouroufaba Gold Project, the Company must either:

- subject to future Shareholder approvals, issue Shares with the value of \$200,000 to the Seller (or its nominee) on each 12 month anniversary of the Initial Payment Date, based on a deemed issue price per Share equal to the 30 Day VWAP prior to the Shareholder meeting (Annual Acquisition Shares). The maximum number of Annual Acquisition Share tranches that must be made under the Terms Sheet is five, however, the number may be lower if the Company satisfies the Expenditure Requirement prior to the end of the fifth anniversary of the Initial Payment; or
- pay \$150,000 cash (on a pro-rata basis) in lieu of the issue of Annual Acquisition Shares.

The decision to issue the Annual Acquisition Shares or make the cash payment is contingent on the results from exploration activities to be undertaken on the project area.

The Company has also agreed to pay a net smelter return royalty of up to 2% of the production from the Kouroufaba Project to the relevant royalty holder in respect of the relevant Tenement.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 June 2021

## 8 Commitments

The Group is required to meet minimum expenditure commitments in relation to its tenements and keep them in good standing. The exploration commitments shown below are the Group's estimated exploration expenditure on its tenements based on proposed work programs submitted to the government mining departments in Mali and Ivory Coast as at the date of this report. The commitments below exceed the minimum expenditure to keep the tenements in good standing and assume any currently pending tenement renewals are granted.

A total expense of \$24,000 (2020: \$12,000) was recognised during the period under a serviced office agreement. The serviced office agreement does not lead to the recognition of any right-of-use asset or associated lease liability because the serviced office agreement does not specify or effectively require an identified asset.

	30 June 2021 \$	31 December 2020 \$
<b>Exploration commitments</b>		
Due within 1 year	5,221,051	4,826,116
Due greater than 1 year and less than 5	9,163,111	5,924,042
<b>Serviced office commitment</b>		
Due within 1 year	48,000	48,000
Due greater than 1 year and less than 5	-	-
<b>Total</b>	<b>14,432,162</b>	<b>10,798,158</b>

## 9 Post-reporting date events

On 8 September 2021, the Company lodged a prospectus for a non-renounceable pro-rata offer to eligible shareholders on the basis of 2 new shares for every 7 shares held on 22 September 2021 at an issue price of \$0.15 each to raise approximately \$3.9 million (before costs).

Other than the above there have not been any events that have arisen between 30 June 2021 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

# DIRECTORS' DECLARATION

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In the opinion of the Directors:

1. In the opinion of the Directors of African Gold Ltd:

- a The half year financial statements and notes of African Gold Ltd are in accordance with the *Corporations Act 2001*, including:
  - i Giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the half year ended on that date; and
  - ii Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:



Evan Cranston

Non-Executive Chairman

Dated 13<sup>th</sup> September 2021

# Independent Auditor's Review Report

## To the Members of African Gold Ltd

### Report on the review of the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of African Gold Ltd (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of African Gold Ltd does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the African Gold Ltd's financial position as at 30 June 2021 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$896,604 during the half year ended 30 June 2021, and as at that date, the Group had cash outflows from operating and investing activities of \$2,094,268. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group'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 Group's financial position as at 30 June 2021 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*.

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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L A Stella  
Partner – Audit & Assurance

Perth, 13 September 2021

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