Amani Gold Limited

and its controlled entities

(ABN 14 113 517 203)

Half Year Report
31 December 2018

Contents

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity, comprising Amani Gold Limited (the "Company") and its controlled entities (collectively "Amani" or the "Group") for the half year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Qiuming Yu	Chairman
Sik Lap Chan	Managing Director and CEO
Grant Thomas	Technical Director (1 July 2018 to 16 November 2018 and reappointed 21 December 2018)
Sheng Fu	Non Executive Director (Resigned 21 December 2018)
Antony Truelove	Non Executive Director
Klaus Eckhoff	Non Executive Director (Appointed 30 January 2019)

Results

The consolidated loss for the half year after tax was $612,499 (2017: $877,362).

Review of Operations

GIRO GOLD PROJECT, DEMOCRATIC REPUBLIC OF CONGO (55.25%)

The Giro Gold Project comprises two exploration permits covering a surface area of 497km² and lies within the Kilo-Moto Belt (Democratic Republic of Congo), a significant under-explored greenstone belt which hosts Randgold Resources' 16 million-ounce Kibali group of deposits within 35km of Giro (Figure 1).

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

Amani has outlined a gold resource at Kebigada within the Giro Gold Project of 45.62Mt @ 1.46g/t Au for 2.14Moz gold at a cut-off grade of 0.9g/t Au (see ASX Announcement 23 August 2017).

During the period Amani announced the Douze Match Maiden Indicated and Inferred Mineral Resource of 8.1Mt @ 1.2g/t Au, for 320Koz gold (0.5g/t Au cut-off grade) within the Giro Gold Project (Refer Table 1 and ASX announcement 10 December 2018).

The Giro Gold Project global resource now exceeds 3Moz gold; with the combined Indicated and Inferred Mineral Resource estimates for the Kebigada and Douze Match deposits at 81.77Mt @ 1.2g/t Au, for 3.14Moz Au (refer Table 2). The combined resource is based on a 0.6g/t Au cut-off grade.

During the period the Amani continued to advance the Giro Gold Project Feasibility Study. The Company is planning on delivering the DRC Feasibility Study, following review and input from the JV partner SOKIMO, in Q1 2019.

Douze Match Resource Estimate

Amani commissioned H&S Consultants Pty Ltd (H&SC) to estimate the Mineral Resources of the Douze Match deposit (Figure 2), which forms part of the Giro Gold Project, located in northeast Democratic Republic of Congo (DRC) (see ASX announcement 10 December 2018).

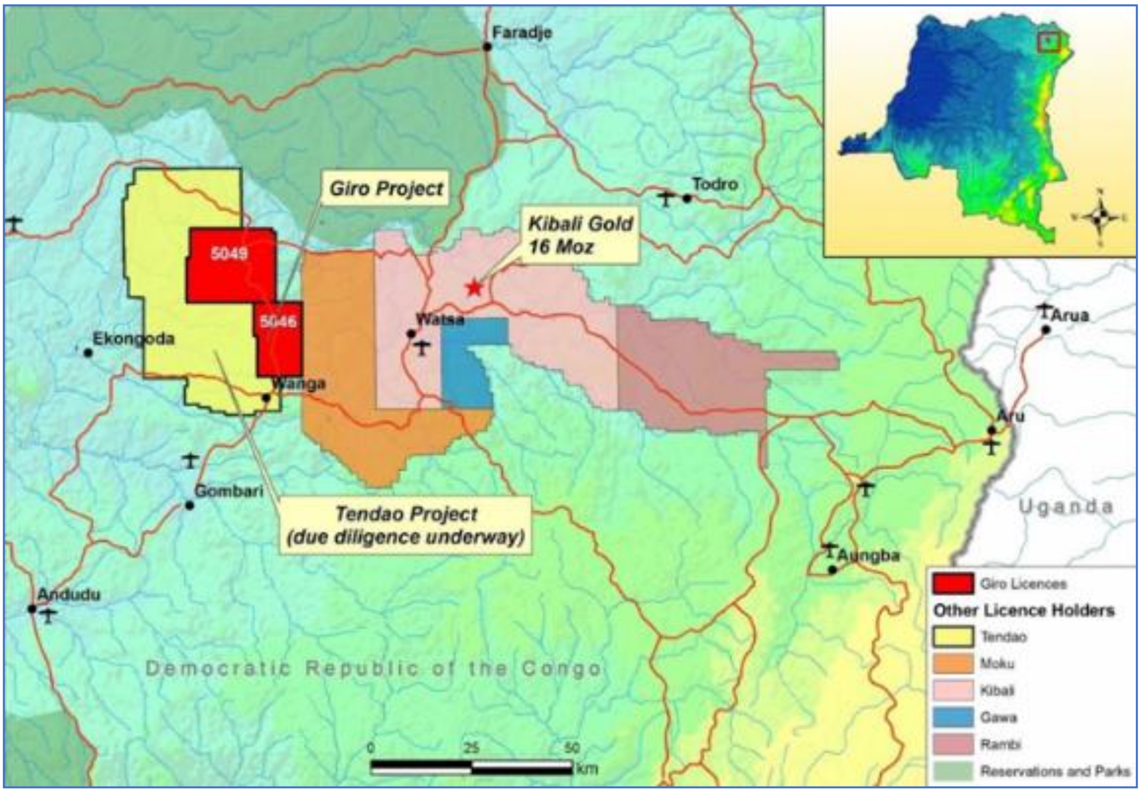

Figure 1. Map showing location of the Giro Gold Project

The area assessed in this study contains 18 diamond drill (DD) holes and 285 reverse circulation (RC) drill holes for a total of 143,318 m of drilling. The DD core was sawn longitudinally in half, producing samples with an average weight of between approximately 3 and 4 kg. The same half was continuously sampled on nominal 1m intervals. The sample interval was adjusted in order to honour geological contacts. The RC samples were passed through a riffle splitter three times, after which approximately 5 kg was taken as a reference sample and 2 kg was weighed and labelled for laboratory dispatch. The samples were crushed and split in an accredited laboratory to produce a 50g charge for fire assay with an Atomic Absorption (AA) finish.

H&SC created a total of five wireframe solids to define the volume represented by gold grades elevated above 0.08 ppm. These wireframes were based on an interpreted series of cross-sections provided by Amani. Domains 11 to 14 are located along the SE edge of the deposit and dip around 44° towards the SE. Domain 20 has been modelled as a flat zone which occurs to the NW of domains 11 to 14. In some places deeper drilling has intersected mineralisation below the base of Domain 20 but the orientation of this mineralisation is unknown and has therefore not been estimated.

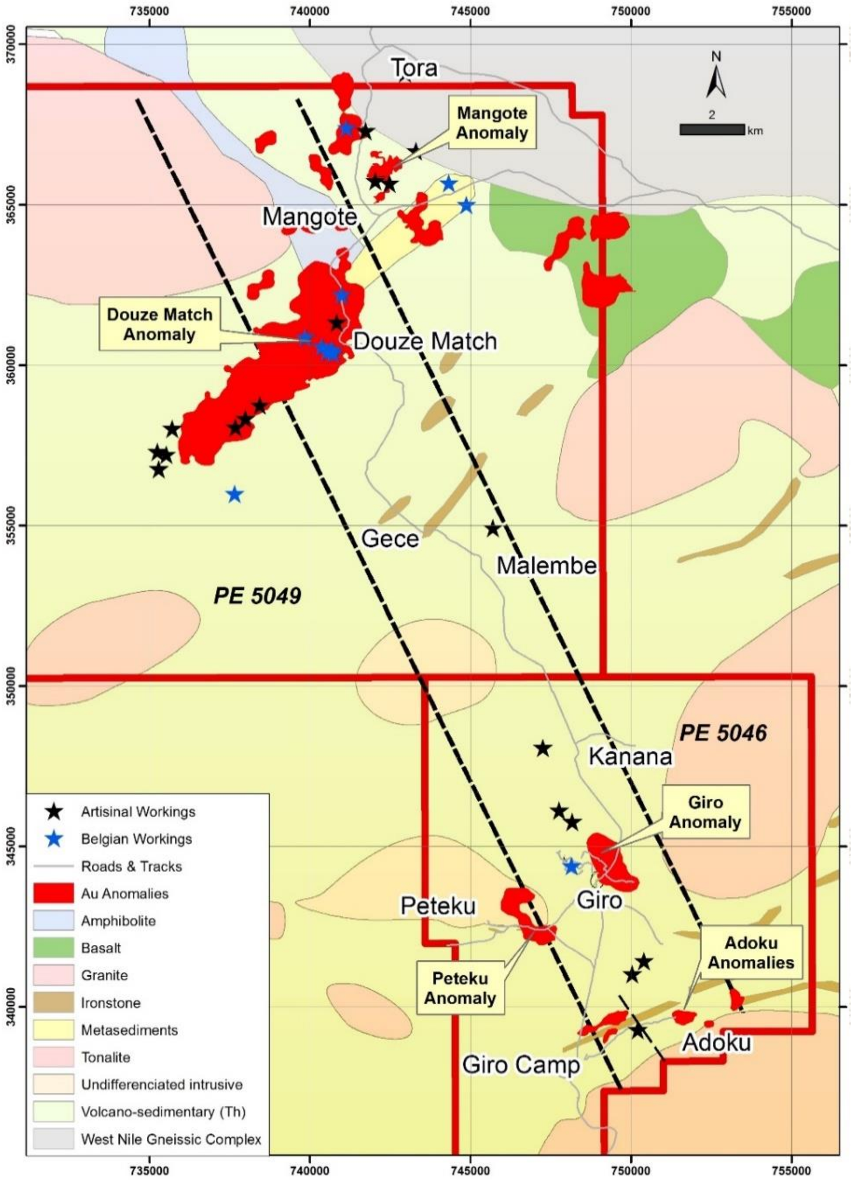

Figure 2. Map showing location of the Douze Match deposit

H&SC also created wireframe surfaces representing the base of laterite and the base of saprolite using information from drill hole logs. These wireframe surfaces were used to assign average densities, from limited measurements, to the block model. H&SC produced a wireframe surface representing topography based on the elevation of the drill hole collars.

The mineralisation at Douze Match strikes at approximately 040° so a rotated block model was employed in order to minimise smoothing. The concentration of gold was estimated using recoverable Multiple Indicator Kriging on rotated composite and block model data in H&SC's in-house GS3 software program and then compiled and evaluated in the Micromine 2018 software. At this stage the Company plans for the Douze Match deposit to be selectively mined using open pit methods and the block model used for estimation has been designed to reflect this.

The closer spaced drilling at Douze Match is on a regular grid with a nominal spacing of 50 m between drill lines and 25 m along the drill lines. A nominal composite length of one metre, with a minimum length of half a metre, was chosen for data analysis and resource estimation. This length represents the shorter, more common sample interval and is compatible with the chosen model block size and estimation search radii.

A three-pass search strategy was used for the estimates, as shown below. The search ellipse was rotated to parallel each domain orientation:

Pass 1. 10x60x60m search, 16-48 samples, minimum of 4 octants
Pass 2. 20x120x120m search, 16-48 samples, minimum of 4 octants
Pass 3. 20x120x120m search, 8-48 samples, minimum of 2 octants

The flat-lying domain 20 used slightly different search criteria due to better drill coverage. For this domain the across strike radii were set to half of the distance shown above.

A string was created outlining the areas that have been drilled on a 50x25 m grid. Blocks within this string that were populated in the first search pass were classified as Indicated. All other blocks that were estimated are classified as Inferred.

The Douze Match deposit contains a historic Belgian excavation known as the Tango Drive. The drive has been abandoned and is also void of any artisanal activity, however, the area surrounding the drive has seen extensive, recent alluvial mining. All figures presented here make no allowance for the artisanal mining.

The estimated Mineral Resource covers a strip of ground trending NE around 2.6 km long and up to 600 m wide. The upper limit of the Mineral Resource occurs at surface and the maximum depth of the reported Mineral Resource is 190 m. The resource estimates at a gold cut-off of 0.5 ppm are shown below.

Table 1

Classification	Tonnes (Mt)	Density (t/m3)	Au (ppm)	Au (Moz)
Indicated	2.2	2.11	1.2	0.09
Inferred	5.8	2.54	1.2	0.23
Total	8.1	2.41	1.2	0.32

The resource estimate was validated in several ways, including visual and statistical comparison of block and drill hole grades, examination of grade-tonnage data, and comparison with an Ordinary Kriged check model. As expected, the model represents a smoothed version of the original samples, with less of the local variability present in the sample data. Grade trends within the zone are aligned with the respective search and kriging orientations, and reasonably reflect interpreted trends in the mineralisation.

Giro Gold Project Global Resource Estimates

Amani had previously outlined a gold resource at Kebigada within the Giro Gold Project of 45.62Mt @ 1.46g/t Au for 2.14Moz gold (based on a 0.9g/t Au cut-off grade, see ASX Announcements 18 July and 23 August 2017).

The Giro Gold Project global resource now exceeds 3Moz gold; with combined Indicated and Inferred Mineral Resource estimates for the Kebigada and Douze Match deposits of 81.77Mt @ 1.2g/t Au, for 3.14Moz Au based on a 0.6g/t Au cut-off grade (refer Table 2).

The combined Indicated and Inferred Mineral Resource estimates for Kebigada and Douze Match deposits is 49.62Mt @ 1.49g/t Au, for 2.37Moz Au based on a 0.9g/t Au cut-off grade (refer Table 2).

Table 2

		Kebigada			Douze Match			Total		
Classification	Cut-off	Tonnes	Au	Au	Tonnes	Au	Au	Tonnes	Au	Au
	Au (g/t)	Mt	g/t	Moz	Mt	g/t	Moz	Mt	g/t	Moz
Indicated	0.6	24.76	1.27	1.01	1.86	1.36	0.08	26.62	1.28	1.09
Inferred	0.6	50.4	1.14	1.84	4.76	1.38	0.21	55.16	1.16	2.05
Total	0.6	75.16	1.18	2.85	6.61	1.38	0.29	81.77	1.20	3.14
Indicated	0.9	16.48	1.53	0.81	1.13	1.76	0.06	17.61	1.54	0.87
Inferred	0.9	29.14	1.42	1.33	2.87	1.81	0.17	32.01	1.46	1.50
Total	0.9	45.62	1.46	2.14	4.00	1.80	0.23	49.62	1.49	2.37

Further exploration programs including conventional soil sampling, infill (e.g. Kebigada and Douze Match) and prospect drilling programs and geophysical surveys will be carried out across the Giro Project to identify additional gold targets in 2019.

Auditor's Independence Declaration

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

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

Jacky Chan
Managing Director

Dated: 15 March 2019

Competent Person's Statement

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

Forward Looking Statements

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

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

As lead auditor for the review of Amani Gold Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated	
		31 December 2018 $	31 December 2017 $
Revenue from continuing operations		629	66,152
Consultants and corporate costs		(324,540)	(477,735)
Salaries, wages and employment expenses		(209,634)	(176,488)
Depreciation expense		(31,593)	(36,798)
Occupancy expenses		(29,578)	(25,433)
Travel expenses		(972)	(181,644)
Share based payments expense	2	(5,000)	-
Foreign exchange (loss)/gain	2	(11,811)	(45,416)
(Loss) / Profit before related income tax expense		(612,499)	(877,362)
Income tax (expense) / benefit		-	-
(Loss) / profit for the period		(612,499)	(877,362)
Net (loss) / profit attributable to:			
Owners of Amani Gold Limited		(611,031)	(829,195)
Non-controlling interest		(1,468)	(48,167)
		(612,499)	(877,362)
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		1,506,204	(362,654)
Total comprehensive (loss) / income for the half year attributable to members of Amani Gold Limited		893,705	(1,240,016)
Total comprehensive (loss) / income is attributable to:			
Owners of Amani Gold Limited		967,608	(1,225,130)
Non-controlling interest		(73,903)	(14,886)
		893,705	(1,240,016)
(Loss) / earning per share for the half year attributable to members of Amani Gold Limited			
Basic (loss) / earning per share (cents per share)		(0.04)	(0.06)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	Consolidated 31 December 2018 $	Consolidated 30 June 2018 $
Assets			
Current Assets			
Cash and cash equivalents		344,746	867,360
Other receivables		39,486	24,476
Total Current Assets		384,232	891,836
Non-Current Assets			
Other receivables		11,000	11,000
Property, plant and equipment		283,542	378,469
Exploration and evaluation expenditure	3	44,088,064	39,958,658
Total Non-Current Assets		44,382,606	40,348,127
Total Assets		44,766,838	41,239,963
Current Liabilities			
Trade and other payables		446,074	221,850
Loans	4	1,069,500	675,054
Total Current Liabilities		1,515,,574	896,904
Total Liabilities		1,515,574	896,904
Net Assets		43,251,264	40,343,059
Equity			
Contributed equity	6	63,924,856	62,868,356
Reserves		10,698,635	9,114,996
Convertible note reserve	5	953,000	-
Accumulated losses		(32,510,261)	(31,899,230)
Capital and reserves attributed to the owners of Amani Gold Limited		43,066,230	40,084,122
Non-controlling interest		185,034	258,937
Total Equity		43,251,264	40,343,059

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

2017

	Contributed Equity	Accumulated Losses	Share Based Reserve	Option Premium Reserve	Foreign Currency Translation Reserve	Non controlling interests	Total Equity
	$	$	$	$	$	$	$
Balance at 1 July 2017	**47,883,516**	**(30,445,659)**	**5,611,008**	**1,396,044**	**845,574**	**383,699**	**25,674,183**
Total comprehensive income for the half year							
Loss for the half year	-	(829,195)	-	-	-	(48,167)	(877,362)
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	-	(377,540)	14,886	(362,654)
Total comprehensive loss for the half year	**-**	**(829,195)**	**-**	**-**	**(377,540)**	**(33,281)**	**(1,240,016)**
Transactions with equity holders in their capacity as equity holders							
Share and listed option issues (net of costs)	14,984,840	-	-	-	-	-	14,984,840
Share based payments expense – options	-	-	250,720	-	-	-	250,720
Balance at 31 December 2017	**62,868,356**	**(31,274,854)**	**5,861,728**	**1,396,044**	**468,034**	**350,418**	**39,669,726**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

2018

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated	
		31 December 2018 $	31 December 2017 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(405,953)	(1,381,849)
Interest received		629	66,152
Interest paid		-	(19,487)
Net cash used in operating activities		(405,324)	(1,335,184)
Cash flows from investing activities			
Payment for plant and equipment		-	(155,571)
Payments for exploration expenditure		(2,525,131)	(10,199,687)
Net cash used in investing activities		(2,525,131)	(10,355,258)
Cash flows from financing activities			
Proceeds from issue of shares and options		1,080,500	15,010,571
Payment for share issue costs		(24,000)	(25,732)
Proceeds from borrowings		1,348,963	-
Repayment of loan		-	(89,851)
Net cash provided by financing activities		2,405,463	14,894,988
Net increase/(decrease) in cash held		(524,992)	3,204,546
Cash and cash equivalents at 1 July		867,360	1,062,471
Effect of exchange rate changes		2,378	344,934
Cash and cash equivalents at 31 December		344,746	4,611,851
Reconciliation of cash and cash equivalents:			
Cash and bank balances		344,746	5,158,846
Bank overdraft		-	(546,995)
Cash and cash equivalents at 31 December		344,746	4,611,851

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose interim financial statements for half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Amani Gold Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.

Significant accounting judgments and key estimates

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

In preparing this interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2018.

(a) Accounting Policies

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

(b) Adoption of new and revised accounting standards

A number of new or amended standards became applicable for the current reporting period for which the Company has adopted

- AASB 15 Revenue from Contracts with Customers; and
- AASB 9 Financial Instruments.

There is no impact on the Company for the period ended 31 December 2018.

(c) Basis of preparation and changes to the Company's accounting policies

AASB 15 Revenue from contracts with Customers
AASB 15 Revenue from contracts with Customers replaces AASB 118 Revenue. AASB 15 was adopted by the Group 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers.

The Company has considered AASB 15 in detail and determined that the impact on the Company's sales revenue from contracts under AASB 15 is insignificant for the period.

The Company's new revenue accounting policy is detailed below:

Revenue is recognised when or as the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled. If the consideration promised includes a variable component, the Company estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

AASB 9 Financial Instruments
AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments. The new accounting policies (applicable from 1 July 2018) are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

Classification and measurement

Except for certain trade receivables the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Impairment

From 1 July 2018 the Company assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Going Concern Basis
The financial report has been prepared on the basis of accounting principles applicable to a "going concern" which assumes the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

Subsequent to year end, the Group announced that it had completed a placement and the conversion of a convertible note in the amount of $2,022,500. The company issued 63,533,333 new shares in satisfaction of the convertible note and 71,300,000 new shares for the placement at $0.015 which settled current borrowings of $1,069,500. In addition, subsequent to year end the Group announced a non-renounceable rights issue to eligible shareholders to raise $3.69m. The non-renounceable rights issue completed in March 2019 and the Company has subsequently issued 1,636,363,747 shares for $3,272,727 with the balance of the rights issue expected to complete shortly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 2: EXPENSES

	Consolidated	
	31 December 2018 $	31 December 2017 $
Profit / Loss for the period includes the following specific expenses:		
Foreign exchange loss/(gain)	11,811	45,416
Share based payment expense (a)	5,000	-

(a) The consolidated entity has recognised an expense of $5,000 (2017: $nil) in relation to the calculated fair value of performance rights (over ordinary shares) in the Company vesting in the period. Refer Note 6 (d).

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2018 $	30 June 2018 $
Exploration and evaluation phase – at cost	44,088,064	39,958,658
Balance at beginning of the period	39,958,658	24,787,528
Expenditure incurred during the period	2,671,751	14,070,486
Foreign currency translation differences	1,457,655	1,100,645
Total exploration and evaluation expenditure	44,088,064	39,958,658

During the period, Amani Group conducted a process to relocate artisanal miners at the Giro project. These activities, at a cost of approximately $1.4m during the reporting period, are included in the above expenditure incurred during the period.

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

NOTE 4: LOANS

Current

An unsecured loan in the amount of $1,069,500 (30 June 2018: $675,054) was due and payable as at 31 December 2018. The amount represented proceeds from funds advanced in advance of a placement. Subsequent to the end of the reporting period the company issued 71,300,000 shares at $0.015 per share in full satisfaction of the placement and outstanding loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 5: CONVERTIBLE NOTES

During the period ended 31 December 2018, the Company issued unsecured convertible notes with a face value of $953,000 as part of a capital raising exercise and to settle borrowings.

Terms of the convertible note are as follows:

i. Maturity date – 12 months from the date of advance;
ii. Interest payable – 6% per annum, commencing 4 months from the date of issue;
iii. Repayment: The Company could elect to repay all or part of the outstanding convertible notes at any time prior to the maturity date. In addition, the Company could elect to convert any of the convertible notes into new shares at $0.015 per share.

The issue of shares upon conversion of the notes was approved at a meeting of shareholders convened on 30 November 2018.

Subsequent to the end of the reporting period the company issued 63,533,333 shares at $0.015 per share in full satisfaction of the convertible note

Accounting Policy
Convertible Notes issued by the Company comprise of notes that can be converted to share capital at the election of the Company. Where convertible notes do not give rise to an obligation to pay cash that the Company cannot avoid and will be settled in a fixed number of equity instruments they are classified as equity.

The full amount of the convertible notes issued in the half-year ending 31 December 2018 have been classified as equity on initial recognition due to the number of shares to be issued to settle the notes being fixed as the notes are interest free for the first four months and the number of shares to be issued to be settled being the face value of the notes divided by $0.015 per share. There is no material obligation under the convertible note deeds for the Company to pay cash that it cannot avoid.

There is no subsequent measurement of these notes unless the convertible note deeds are modified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 6: CONTRIBUTED EQUITY

(a) *Ordinary shares*	31 December 2018 $	30 June 2018 $
Issued and fully paid		
1,711,530,414 (30 June 2018: 1,566,163,747)	**63,924,856**	62,868,356

Movements in ordinary shares on issue for the period

	No.	$
Balance at beginning of current period (1 July 2018)	1,566,163,747	62,868,356
Private placement issue of shares at $0.015 cents each	45,366,667	680,500
Private placement issue of shares at $0.004 cents each	100,000,000	400,000
Share issue expenses	-	(24,000)
Balance at end of current period (31 December 2018)	1,711,530,414	63,924,856

(b) Listed Share Options

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

	31 December 2018 $	30 June 2018 $
Issued listed options		
Nil (30 June 2018: Nil)	**1,396,044**	1,396,044

Movements in listed options on issue for the period

	No.	$
Balance at beginning of current period (1 July 2018)	-	1,396,044
Balance at end of current period (31 December 2018)	-	1,396,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 6: CONTRIBUTED EQUITY (continued)

(c) Unlisted Share Options

2017 - Options to subscribe for ordinary shares in the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2017	Issued 2017	Exercised/ Cancelled/ Expired 2017	Closing Balance 31 December 2017
			Number	Number	Number	Number
15 Apr 2016 – 31 Dec 2020	(i)	$0.03	7,500,000	-	-	7,500,000
15 Apr 2016 – 31 Dec 2020	(i)	$0.04	12,500,000	-	(5,000,000)	7,500,000
15 Apr 2016 – 31 Dec 2020	(i)	$0.05	12,500,000	-	(5,000,000)	7,500,000
2 Nov 2016 – 2 Nov 2019	(ii)	$0.08	9,500,000	-	-	9,500,000
2 Nov 2016 – 2 Nov 2019	(ii)	$0.10	9,500,000	-	-	9,500,000
			51,500,000	-	(10,000,000)	41,500,000

2018 - Options to subscribe for ordinary shares in the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2018	Issued 2018	Exercised/ Cancelled/ Expired 2018	Closing Balance 31 December 2018
			Number	***Number***	***Number***	***Number***
15 Apr 2016 – 31 Dec 2020	(i)	$0.03	7,500,000	-	-	7,500,000
15 Apr 2016 – 31 Dec 2020	(i)	$0.04	7,500,000	-	-	7,500,000
15 Apr 2016 – 31 Dec 2020	(i)	$0.05	7,500,000	-	-	7,500,000
2 Nov 2016 – 2 Nov 2019	(ii)	$0.08	9,500,000	-	-	9,500,000
2 Nov 2016 – 2 Nov 2019	(ii)	$0.10	9,500,000	-	-	9,500,000
			41,500,000	-		41,500,000

(i) 10 million options were issued as part of the remuneration package for the Company's directors. All 10 million options lapsed during the prior period, following the resignation of the holders. 22.5 million options were issued to a corporate advisor for equity market and strategic advice in market positioning and corporate strategy.

(ii) 19 million options were issued under the Employee Option Plan for nil consideration as part of the remuneration package of employees of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 6: CONTRIBUTED EQUITY (continued)

(d) Performance Rights

2018 - Performance Rights over ordinary shares in the capital of the Company have been granted as follows:

Expiry date	Note	Opening Balance 1 July 2018	Issued 2018	Exercised/ Cancelled 2018	Closing Balance 31 December 2018
		Number	*Number*	*Number*	*Number*
31 December 2020	(ii)	-	60,000,000	-	60,000,000
		-	60,000,000	-	60,000,000

(i) Performance rights issued to Directors

During the half year the Company granted 60 million Performance Rights to Directors (as approved by shareholders at the Annual General Meeting on 30 November 2018). The total value of Performance Rights issued was $120,000. The Performance Rights are subject to certain vesting conditions noted below. The fair value of these Performance Rights was treated as a share-based payment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The fair value per Performance Right and the following inputs were used in the valuation model:

Performance Rights	Tranche 1	Tranche 2	Tranche 3
Grant Date	30/11/2018	30/11/2018	30/11/2018
Expiry Date	31/12/2020	31/12/2020	31/12/2020
Fair Value per Performance Right ($)	0.003	0.002	0.001
Exercise Price	Nil	Nil	Nil
Expected volatility	110%	110%	110%
Risk-free rate	2.00%	2.00%	2.00%
Life of rights	2.09 years	2.09 years	2.09 years
Underlying security price at issue ($)	0.005	0.005	0.005

The performance rights vest subject to meeting specific performance conditions. Tranche 1, 2 and 3 performance rights have a market vesting condition being the Company's shares trade at a daily volume weighted average share price ("VWAP") of at least 2, 4 and 6 cents respectively for a consecutive period of at least 20 trading days.

NOTE 7: SEGMENT INFORMATION

The Directors have determined that the Group has one reportable segment, being mineral exploration in Africa. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

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

In addition, under existing contractual terms of a shareholder agreement a feasibility study is required to be completed at the Giro Gold Project. Based on the amendment to the shareholder agreement, concluded in December 2017, with Societe Miniere De Kilo Moto SA ("Sokimo"), a company wholly owned by the DRC Government (the original holder of the Giro exploitation permits), on conclusion of the feasibility studies and a decision to mine at the Giro Project, payments of US$2.5 million and US$0.7 million will be required to be made by Amani to the DRC Government and Societe Miniere De Kilo Moto SA (Sokimo) respectively. At the date of this report, the feasibility study has not formally concluded and no decision to mine has been made.

In view of the nature of the trigger events relating to the Giro Gold Project, these liabilities are contingent in nature and no values were allocated as liabilities in this financial report (30 June 2018: Nil).

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

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

- On 24 January the Company announced that it had completed a placement and the conversion of a convertible note in the amount of $2,022,500. The company issued 63,533,333 new shares in satisfaction of the convertible note and 71,300,000 new shares in satisfaction of the placement at $0.015 which settled the current loans of $1,069,500.
- On 4 February the Company announced a non renounceable rights issue to eligible shareholders to raise $3.69m. The non renounceable rights issue completed on 1 March 2019 and the Company has subsequently issued 1,636,363,747 shares for $3,272,727.

NOTE 10: DIVIDENDS

No dividends have been declared during the period.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and

   (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and other mandatory professional reporting requirements.

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

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

Jacky Chan
Managing Director

15 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Amani Gold Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Amani Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Neil Smith

Director

Perth, 15 March 2019