

**Notice of  
Annual General Meeting  
and Explanatory Statement**

**Amani Gold Limited**

**ACN 113 517 203**

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Date: Thursday, 30 November 2017

Time: 2pm

Venue: Holiday Inn Perth City Centre, 778 – 788 Hay Street

Perth, WESTERN AUSTRALIA 6000

**The Independent Expert has concluded that the Luck Winner Transaction is not fair but reasonable to Shareholders not associated with Luck Winner Investment Limited**

**The Directors (with Mr Qiuming Yu, Mr Sheng Fu and Mr Sik Lap Chan abstaining) recommend you vote in favour of Resolutions 6, 7 and 8 relating to the Luck Winner transaction**

*This Notice of Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.*

## Notice and Introduction to Meeting Agenda

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Notice is hereby given that the 2017 Annual General Meeting of Shareholders of Amani Gold Limited ACN 113 517 203 (“ANL” “Amani” or the “Company”) will be held at 2pm on Thursday, 30 November 2017 at Holiday Inn Perth City Centre, 778 – 788 Hay Street, Perth, Western Australia 6000.

The Meeting agenda includes the usual matters to be dealt with at an annual general meeting, such as consideration of the June 2017 Annual Report, adoption of the Remuneration Report and the re-election of Directors. However, Shareholders would be aware that, in July 2017, the Company entered into a subscription agreement with Luck Winner Investment Limited (“Luck Winner”) and, in that same month, stage 1 of the transaction with Luck Winner was completed. Stage 2 of the transaction is subject to prior approval from Shareholders. Consequently, the Meeting agenda includes a number of resolutions to ratify and approve stage 1 and stage 2 respectively of the transaction with Luck Winner. In order to assist Shareholders in voting on the stage 2 resolutions, the Directors have commissioned an independent expert’s report from BDO Corporate Finance (WA) Pty Ltd. This report forms part of the Explanatory Statement accompanying this Notice and is also available on the Company’s website.

The Explanatory Statement accompanying this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice. Terms and abbreviations used in this Notice are defined in the Glossary in Section 7 of the Explanatory Statement.

***If you are unable to attend the Meeting, you are encouraged to complete and submit the proxy form attached to this Notice as your vote is important.***

## Voting Eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 7:00PM (Australian Eastern Daylight Time) on Tuesday, 28 November 2017.

If you are not the registered holder of Shares at that time, you will not be entitled to vote at the Meeting.

## Voting by Proxy and Voting Exclusion

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A Shareholder has the right to appoint a proxy (who need not be a Shareholder). More details are provided later in this Notice.

Voting exclusions apply to certain Resolutions and details are provided elsewhere in this Notice.

Proxies must be received by the Company no later than 48 hours before the commencement time of the Meeting in order to be valid.

## Queries

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If you have any queries regarding matters contained in the Meeting documents, please call the Company Secretary on +61 8 9381 2299.

## Agenda

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### ORDINARY BUSINESS

#### 1. Financial Report for the Year ended 30 June 2017

“To receive and consider the financial report of the Company for the year ended 30 June 2017, together with the reports of the directors and auditors thereon.”

*There is no vote on this item of business.*

#### 2. Resolution 1 - Adoption of the Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

*“That, for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report forming part of the Company’s 2017 annual financial report for the financial year ended 30 June 2017 be adopted.”*

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

##### **Voting Exclusion:**

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

However, a person (the “**Voter**”) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the Voter is the Chairman of the Meeting and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

If you wish to appoint a member of the key management personnel (which includes each of the directors and the Chairman) as your proxy, please read the voting exclusion above and in the proxy form carefully. **Shareholders are encouraged to direct their proxies how to vote.**

#### 3. Resolution 2 - Re-election of Mr M Calderwood as a Director

To consider and, if thought fit, to pass the following resolution as an *ordinary resolution*:

*“That Mr Mark Calderwood, who retires in accordance with Clause 11.3 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company.”*

#### 4. Resolution 3 - Re-election of Mr Q Yu as a Director

To consider and, if thought fit, to pass the following resolution as an *ordinary resolution*:

*“That Mr Qiuming Yu, who retires in accordance with Clause 11.12 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company.”*

## 5. Resolution 4 - Re-election of Mr S Fu as a Director

To consider and, if thought fit, to pass the following resolution as an *ordinary resolution*:

*“That Mr Sheng Fu, who retires in accordance with Clause 11.12 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company.”*

## 6. Resolution 5 - Re-election of Mr S L Chan as a Director

To consider and, if thought fit, to pass the following resolution as an *ordinary resolution*:

*“That Mr Sik Lap Chan, who retires in accordance with Clause 11.12 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company.”*

## 7. Resolution 6 – Ratification of Share issue

To consider and, if thought fit, to pass the following as an ordinary resolution:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 173,396,817 Shares to Luck Winner Investment Limited on 11 July 2017 on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by Luck Winner Investment Limited and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 8. Resolution 7 – Ratification of Share issue

To consider and, if thought fit, to pass the following as an ordinary resolution:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 126,603,183 Shares to Luck Winner Investment Limited on 11 July 2017 on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by Luck Winner Investment Limited and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 9. Resolution 8 – Approval in relation to Subscription Agreement with Luck Winner

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of Item 7 of section 611 of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes:*

- a) *Shareholders ratify the execution of the Subscription Agreement with Luck Winner; and*
- b) *Shareholders approve the issue by the Company of:*
  - (i) *200,000,000 Shares to Luck Winner;*
  - (ii) *250,000,000 Options to Luck Winner; and*
  - (iii) *Up to 250,000,000 Shares to Luck Winner on exercise, if any, of up to 250,000,000 Options,*

*resulting in the acquisition by Luck Winner of a Relevant Interest in up to an additional 450,000,000 Shares and an increase in its (and its associates if any) Voting Power from 19.155% to a maximum of 37.2%, on the terms and conditions in the Explanatory Statement."*

### **Voting Exclusion:**

The Company will disregard any votes cast on Resolution 8 by Luck Winner and its associates. However, the Company need not disregard a vote if it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides unless the chair is an associate of Luck Winner.

## 10. Resolution 9 - Renewal of Employee Option Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 7.2, Exception 9 and all other purposes, the directors be and are hereby authorised to maintain the employee option plan, called "The Amani Gold Limited Employee Option Plan", upon and subject to the terms and conditions specified in the document entitled "Rules of The Amani Gold Limited Employee Option Plan", a summary of which is included in the Explanatory Statement"*

### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by any director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such a person. However, the Company need not disregard a vote if it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company will disregard any votes cast on Resolution 9 by any member of the Key Management Personnel of the Company, or a closely related party of such member, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 9. However, the Company will not disregard any votes cast on Resolution 9 by such person if:

- (a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chairman of the Meeting voting an undirected proxy and their appointment expressly authorises the Chairman to exercise the proxy even though Resolution 9 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

## 11. Resolution 10 – Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a special resolution:

*"That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."*

### Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a person who may participate in the 10% placement facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a Shareholder, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 12. GENERAL BUSINESS

To transact any other business which may lawfully be brought forward.

### How the Chairman will vote available proxies

The Chairman of the Meeting intends to vote all available proxies in favour of all of the resolutions set out in the Notice. The proxy form expressly authorises the Chairman to exercise undirected proxies in favour of remuneration-related resolutions (Resolutions 1 & 9).

### Default to the Chairman

Any directed proxies that are not voted on a poll at the Meeting will automatically default to the Chairman of the Meeting, who is required to vote those proxies as directed.

### Proxies generally

A Shareholder may attend the Meeting in person or may be represented thereat by proxy. In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- the proxy need not be a Shareholder;
- each Shareholder may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X (3) of the Corporations Act, each proxy may exercise half of the votes.

Accordingly, if you are a Shareholder and are unable to attend the Meeting in person, you can and are encouraged to submit your proxy votes in accordance with the instructions contained in the form and return it as follows:

 <b>ONLINE VOTE</b> www.advancedshare.com.au/investor-login	 <b>BY FAX</b> +61 8 9262 3723
 <b>BY MAIL</b> Advanced Share Registry Limited 110 Stirling Hwy, Nedlands WA 6009; or PO Box 1156, Nedlands WA 6909	 <b>IN PERSON</b> Advanced Share Registry Limited 110 Stirling Hwy, Nedlands WA 6009
 <b>ALL ENQUIRIES TO</b> Telephone: +61 8 9389 8033	 <b>ALL ENQUIRIES TO</b> Telephone: +61 8 9389 8033

### **Corporations**

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

### **Revocation of Proxies**

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

By Order of the Board of Directors

Susmit Shah  
Company Secretary  
Perth, Australia  
26 October 2017

For personal use only

# Explanatory Statement

This Explanatory Statement, incorporated in and forming part of the accompanying Notice of Meeting, has been prepared for the information of Shareholders of Amani Gold Limited (Amani or the Company) in connection with the business to be considered at the Annual General Meeting to be held at 2pm on Thursday, 30 November 2017 at Holiday Inn Perth City Centre, 778 – 788 Hay Street, Perth, Western Australia.

It provides Shareholders with information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

Details of the items of business to be considered at the Meeting are set out below.

## 1. 2017 Annual Report

In accordance with the requirements of the Company's Constitution and the Corporations Act, the Company's audited financial statements for the financial year ended 30 June 2017, together with the report of the auditor thereon and the Directors' Report (the "Annual Report"), will be tabled at the Meeting, and Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to it.

Representatives from the Company's auditors, BDO Audit (WA) Pty Ltd, will be present to take Shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

The Annual Report is available on the Company's website at [www.amanigold.com](http://www.amanigold.com) for you to download or read online. Alternatively, you can obtain a hard copy by contacting the Company.

## 2. Resolution 1 - Adoption of the Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 30 June 2017 (the "Remuneration Report"). The Remuneration Report, forming part of the Directors' Report, is a distinct section of the Annual Report which deals with the remuneration of directors and executives of the Company.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out the remuneration details for each director and executive officer named in the Remuneration Report for the financial year ended 30 June 2017.

**The Directors recommend that Shareholders vote in favour of the adoption of the Remuneration Report.** As previously stated, this resolution is advisory only and does not bind the Company. However, the Board will take the outcome of the vote on this resolution into consideration when reviewing the remuneration practices and policies of the Company in the future.

The Chairman of the Meeting will provide Shareholders with reasonable opportunity at the Meeting to ask questions about, or to make comments on, the Remuneration Report.

### ***Chairman authorised to exercise undirected proxies on remuneration-related resolutions:***

Where Shareholders have appointed the Chairman of the Meeting as their proxy, the Chairman will vote in favour of Resolution 1 "Adoption of Remuneration Report" unless the Shareholder has expressly indicated a different voting intention. This is so notwithstanding that the resolution is connected directly or indirectly with the remuneration of key management personnel, which includes the Chairman.



### 3. Re-election of Directors (Resolutions 2, 3, 4 and 5)

In accordance with the requirements of the Company's Constitution and the Listing Rules, one-third of the directors of the Company (excluding the Managing Director), and those who were last re-elected more than three years ago, must retire from office at the Meeting but if they are eligible, may offer themselves for re-election. The Directors to retire at an annual general meeting must be those who have been longest in office since their last election. Under this requirement, Mr Mark Calderwood must retire at the Meeting. Being eligible, Mr Calderwood has offered himself for re-election.

Also, in accordance with the requirements of the Company's Constitution and the Listing Rules, directors appointed by the Board since the last annual general meeting must retire at the Meeting. Under this requirement, Mr Qiuming Yu, Mr Sheng Fu and Mr Sik Lap Chan must retire at the Meeting. These Directors were all appointed on 11 July 2017 by the Board under the terms of the Subscription Agreement with Luck Winner. Being eligible, each of Mr Qiuming Yu, Mr Sheng Fu and Mr Sik Lap Chan has offered himself for re-election. In accordance with the Company's Constitution, Mr Qiuming Yu, Mr Sheng Fu and Mr Sik Lap Chan were not taken into account in determining the directors to retire by rotation at this Meeting.

With respect to the resolutions for the re-election of Mr Qiuming Yu, Mr Sheng Fu and Mr Sik Lap Chan (Resolutions 3, 4 and 5 respectively), Shareholders attention is also drawn to the commentary provided under Section 4.3.7 of this Explanatory Statement.

Experience and qualification details of each of these Directors who have offered themselves for re-election are available in the Annual Report and on the Company's website and are summarised briefly below:

#### **Mark Calderwood (Non-Executive Director since August 2014) MAusIMM**

Mr Calderwood has 30 years' experience with both exploration and production companies in Australia and Africa. He served as MD and CEO of Perseus Mining Ltd from 2004 to 2012, a period which saw the junior explorer mature to an ASX100 company. He led Perseus from discovery to production at its Edikan Gold Mine in Ghana and has held key roles in several World Class gold deposits including Tarmoola in Western Australia, Kibali in DRC and Edikan in Ghana. He serves as MD and CEO of ASX listed Tawana Resources NL, an entity presently focused on development, mining and supply of lithium concentrate from its Bald Hill Lithium and Tantalum Mine in Western Australia.

The Board consider Mr Calderwood to be an independent director. The Directors (other than Mr Calderwood who makes no recommendation) recommend the re-election of Mr Calderwood as a Director.

Based on enquiries made by the Company, it is not aware of any criminal record and bankruptcy proceedings involving Mr Calderwood.

#### **Qiuming Yu (Non-Executive Chairman since 11 July 2017)**

Mr. Qiuming Yu has a wealth of mine investment, development and management experience. In 2006, Mr. Yu initiated the creation of China Poly Group Energy Sector (Poly Energy Holdings Limited) (Poly Energy), the main business of which is the development of nonferrous metals and coal resources. Poly Energy has registered capital of approximately RMB 3.55 billion and total assets of approximately RMB 27.2 billion and has more than 8,000 employees. Mr. Yu holds a Bachelor's degree from Nanjing University of China.

Mr. Yu has been instrumental in the development of a number of producing copper-zinc mines in China.

Mr Yu is a director and shareholder of Luck Winner and is therefore not an independent director. The Directors (other than Mr Yu who makes no recommendation) recommend the re-election of Mr Yu as a Director.

Based on enquiries made by the Company, it is not aware of any criminal record and bankruptcy proceedings involving Mr Yu.

#### **Sheng Fu (Non-Executive Director since 11 July 2017)**

Mr. Sheng Fu has significant experience investing in, developing and managing mines and has been involved in the creation of more than ten mining entities. In particular, Mr. Fu has a very deep understanding of non-ferrous metals project development and management. Mr. Fu holds a Bachelor's degree in mining machinery. Mr. Fu is currently the general manager of Hubei Huangshi Xin Delong Mining Co., Ltd. and chairman of Xinjiang Shanshan Houwang Copper Mine Co., Ltd, Ltd which has a copper-zinc mine plant with a production capacity of 450,000 tons / year.

Mr Fu is a director and shareholder of Luck Winner and is therefore not an independent director. The Directors (other than Mr Fu who makes no recommendation) recommend the re-election of Mr Fu as a Director.

Based on enquiries made by the Company, it is not aware of any criminal record and bankruptcy proceedings involving Mr Fu.

#### **Sik Lap Chan (appointed 11 July 2017, Executive Director since 1 September 2017)**

Mr. Sik Lap Chan is a professional geologist and valuer with more than 12-year experience in the mining industry. He has been involved in the planning, implementation and supervision of various exploration programs, resources/reserve estimation, open pit and underground production, feasibility studies, JORC report compilation, Engineering/Procurement/Construction (EPC)/ Management, valuation and listing preparation for mineral assets in different stock exchanges. The projects he has handled are across a number of commodities with locations in Australia, China, North America, Central and South-East Asia.

Mr. Chan has held senior management positions in diverse international exploration and mining companies providing him experience in corporate management, government liaisons, business development and environmental, health and safety. He was appointed Chief Technical Officer for the Amani Group of companies with effect from 1 September 2017.

As an Executive Director, Mr Chan is not classified as an independent director. The Directors (other than Mr Chan who makes no recommendation) recommend the re-election of Mr Chan as a Director.

Based on enquiries made by the Company, it is not aware of any criminal record and bankruptcy proceedings involving Mr Chan.

#### **4. Luck Winner Transaction (Resolutions 6, 7 and 8)**

##### **4.1 Introduction and Background Information**

Following the execution of a non-binding Memorandum of Understanding entered into between the Company and Luck Winner in May 2017, the parties entered into a long form binding subscription agreement on 6 July 2017 (**Subscription Agreement**). Under the Subscription Agreement, Luck Winner undertook to invest a total of \$25 million in Amani's equity capital by subscribing for 500 million shares at \$0.05 each. Luck Winner's equity investment was to be made in the following stages:

- (a) Luck Winner would invest \$15 million within two Business Days of execution of the Subscription Agreement and would be issued 300 million shares under the Company's existing placement capacity (**Stage One Shares**); and
- (b) subject to the Company receiving shareholder approval and either satisfaction or waiver of the other conditions precedent set out in the Subscription Agreement, a further \$10 million would be invested by Luck Winner and a further 200 million shares in the capital of the Company would be issued to Luck Winner (**Stage Two Shares**).

In accordance with the Subscription Agreement, Luck Winner was also entitled to receive 250 million free attaching Options, each Option exercisable at \$0.07 with a two year term (**LW Options**). Further details regarding the transaction with Luck Winner are set out below and in the Company's announcements dated 10 May 2017, 7 July 2017, 11 July 2017 and 25 September 2017.

The rationale for the transaction was to raise funds to undertake:

- (a) further infill drilling and metallurgical testwork required for pre-feasibility and feasibility studies at Kebigada;
- (b) social studies and implementation of key social initiatives to pave the way for development activities at Kebigada; and
- (c) continuing exploration to better define the mineralised potential of additional targets identified at the Giro Gold Project.

Resolutions 6 and 7 seek shareholder ratification of the issue of the Stage One Shares to Luck Winner. Under Resolution 8, the following shareholder approvals are sought in respect of the Stage Two Shares and the LW Options:

- (a) approval for the purpose of item 7 of section 611 of the Corporations Act to permit Luck Winner to increase its relevant interest in voting shares in the Company from 20% or below to more than 20% pursuant to the issue of the Stage Two Shares;
- (b) approval under Listing Rule 7.1 to issue the LW Options to Luck Winner; and
- (c) approval for the purpose of item 7 of section 611 of the Corporations Act to permit Luck Winner to increase its relevant interest in voting shares in the Company from a starting point that is above 20% and below 90% pursuant to the issue of Shares to Luck Winner upon the exercise of the LW Options.

#### **4.2 Stage 1, Luck Winner Transaction (Resolutions 6 and 7)**

Under the terms of the Subscription Agreement, Luck Winner subscribed for 300 million shares in the Company for a total subscription amount of \$15 million. The Stage One Shares were issued to Luck Winner on 11 July 2017. The Company issued the 300 million shares under its 15% placement capacity under Listing Rule 7.1 (173,396,817 shares) and 10% placement capacity under Listing Rule 7.1A (as approved at the Company's 2016 Annual General Meeting held on 25 November 2016) (126,603,183 shares).

Resolutions 6 and 7 seek ratification of this prior issue of Shares to Luck Winner so as to retain the flexibility to issue equity securities in the future up to the 15% and 10% annual placement capacity set out in Listing Rule 7.1 and Listing Rule 7.1A respectively without the requirement to obtain prior Shareholder approval. Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to both Resolution 6 and Resolution 7:

- (a) 300,000,000 Shares were issued on 11 July 2017. 173,396,817 of those Shares were issued under the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1 with the remaining 126,603,183 Shares being issued under the Company's 10% placement capacity in accordance with ASX Listing Rule 7.1A;
- (b) the issue price for the Shares was \$0.05 each;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Luck Winner; and
- (e) the funds raised from the capital raising were to augment the Company's working capital for use on exploration activities, including at the Giro Gold Project.

Voting exclusion statements with respect to Resolutions 6 and 7 are included in the Notice.

**The Directors (with Mr Qiuming Yu, Mr Sheng Fu and Mr Sik Lap Chan abstaining) recommend Shareholders approve the ratification of Resolutions 6 and 7.**

#### **4.3 Stage 2, Luck Winner Transaction (Resolution 8)**

Subject to the Company receiving shareholder approval and the satisfaction or waiver of the conditions precedent under the Subscription Agreement, the Company is obliged to issue to Luck Winner:

- (a) the Stage Two Shares at a price of \$0.05 per Share for a total subscription amount of \$10 million; and
- (b) the LW Options.

As set out in section 4.1 above, Shareholder approval is required under:

- (a) item 7 of section 611 of the Corporations Act to permit Luck Winner's Voting Power in the Company to increase from 20% or below to more than 20% by reason of the issue of the Stage Two Shares and the Shares following exercise of the LW Options (if and when such Options are exercised by Luck Winner); and
- (b) Listing Rule 7.1 to issue the LW Options.

Detailed information to assist Shareholders in determining their vote on Resolution 8 follows.

#### 4.3.1 Key terms and conditions of the Subscription Agreement

The key terms and conditions of the Subscription Agreement are set out in the below table.

Term	Summary
Issue of Stage One Shares	Luck Winner is to be issued 300 million fully paid ordinary shares in the capital of the Company at a subscription price of \$0.05 each for total subscription funds of \$15 million under the Company's existing placement capacity under Listing Rules 7.1 and 7.1A.
Director Nomination Rights	<p>Immediately following the Stage One Subscription:</p> <ul style="list-style-type: none"> <li>(a) Luck Winner had the right to nominate Mr Qiuming Yu, Mr Sheng Fu, and Mr Sik Lap Chan to the Amani Board as non-executive directors; and</li> <li>(b) Mr Qiuming Yu was to replace Mr Klaus Eckhof as Chairman of the Board.</li> </ul> <p>It was anticipated that, at the same time, Mr Kevin Thomson would retire from the office of Director of the Company.</p>
Issue of Stage Two Shares	Luck Winner is to be issued 200 million fully paid ordinary shares in the capital of the Company at a subscription price of \$0.05 each for total subscription funds of \$10 million.
LW Options	<p>At the date of completion of the Stage Two Shares, the Company is obliged to issue the LW Options to Luck Winner.</p> <p>In the event that Shareholders do not approve Resolution 8, the Company is required to issue 150,000,000 Options (on the same terms as the LW Options) to Luck Winner as soon as it is capable.</p>
Stage Two Shares Conditions Precedent	<p>The issue of the Stage Two Shares is subject to the following conditions precedent:</p> <ul style="list-style-type: none"> <li>(a) The Company receiving approval, in accordance with the requirements of the Corporations Act and the Listing Rules, from its shareholders on or before 15 September 2017 (subsequently extended to 30 November 2017 by mutual agreement of the Company and Luck Winner): <ul style="list-style-type: none"> <li>(i) to ratify the issue of the Stage One Shares to Luck Winner;</li> <li>(ii) for the issue of the Stage Two Shares to Luck Winner;</li> <li>(iii) for the issue of the LW Options to Luck Winner; and</li> <li>(iv) for the subsequent issue of Shares arising from the exercise, if any, of the LW Options,</li> </ul> <p><b>(Shareholder Approval Condition Precedent).</b></p> </li> <li>(b) Binding documentation being entered into between the Company's subsidiary in the Democratic Republic of Congo ("<b>DRC</b>"), Amani Consulting SARL and DRC state owned entity, Société Minière de Kilo-Moto SA ("<b>Sokimo</b>") under the terms of which Sokimo grants a two year extension for the preparation of a feasibility study at the Giro Gold Project (on terms and conditions, including approvals from other DRC authorities, that are acceptable to Luck Winner) on or before 15 September 2017 (subsequently extended to 30 November 2017).</li> <li>(c) No material adverse change (which includes an event, condition or circumstance that has, or is reasonably likely to have, a materially adverse effect on the financial condition, business</li> </ul>

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	assets, liabilities, results of operations or prospects of the business run by the Company and each of its subsidiaries, taken as a whole) taking place between 11 July 2017 and two business days after either satisfaction or waiver of each of the conditions precedent under the Subscription Agreement in connection with the Stage Two Shares.
Break Fee	Amani will be obliged to pay Luck Winner a break fee of \$250,000 if the Shareholder Approval Condition Precedent noted above is not satisfied. Amani must pay such break fee within 5 business days after such date by way of transfer of immediately available funds to a bank account nominated by Luck Winner to the Company in writing.
Ongoing board representation rights for Luck Winner	<p>The Subscription Agreement provides for Luck Winner having representation on the Amani Board along the following broad lines:</p> <ul style="list-style-type: none"> <li>(a) 3 nominee Directors for so long as it holds 19.4% or more of Amani's Shares;</li> <li>(b) 2 nominee Directors if it holds less than 19% of Shares for more than 15 consecutive days;</li> <li>(c) 1 nominee Director if it holds less than 15% of Shares for more than 15 consecutive days; and</li> <li>(d) no entitlement to representation if Luck Winner's holding reduces to below 10% of Shares for more than 15 consecutive days.</li> </ul> <p>For this purpose, any new issue of Shares by Amani as a consequence of the exercise of options or vesting of performance rights held as at the execution date of the Subscription Agreement shall be excluded in calculating Luck Winner's percentage shareholding.</p>
Representations and Warranties	Representations made and warranties provided by each party are customary for a transaction of this nature. The indemnity provided by the Company to Luck Winner is again customary for a transaction of this nature and claims, if any, will be capped at the transaction value of \$25 million, for an indemnity period of 12 months following completion of the issue of the Stage Two Shares.

#### 4.3.2 Status of Stage Two conditions precedent and timing of the issue of securities

As noted in section 4.3.1 above, the issue of the Stage Two Shares and the LW Options is subject to binding documentation being entered into for an extension for the preparation of a feasibility study at the Giro Gold Project (on terms and conditions, including approvals from other DRC authorities, that are acceptable to Luck Winner) on or before 30 November 2017.

The Company has previously announced that it remains in regular contact, dialogue and discussion with Sokimo. In March 2017, Sokimo issued a letter confirming its in-principle agreement to a two year extension from the date an amending agreement is executed.

The Board is working towards obtaining the necessary extension and related approvals before 30 November 2017. It is intended that the Stage Two Shares and the LW Options will be issued to Luck Winner (and the applicable subscription moneys paid to the Company) shortly following the satisfaction of the remaining conditions precedent. Following issue, the LW Options are capable of being exercised by Luck Winner within a two year period. As at the date of this Notice, Luck Winner has not confirmed whether or when it intends to exercise some or all of the LW Options.

Ultimately the satisfaction of the condition precedent relating to the Sokimo extension is outside the Company's direct control and there remains a risk that this condition precedent under the Subscription Agreement may not be satisfied by 30 November 2017.



#### 4.3.3 Effect on Capital Structure and Luck Winner Voting Power

The following table outlines the Company's current capital structure and Voting Power of Luck Winner, both prior to and after completion of the issue of the Stage Two Shares and exercise of 100% of the LW Options.

	Total Amani Shares	Luck Winner Relevant Interest	Luck Winner Voting Power
Shares on issue at the date of this Notice	1,566,163,747	300,000,000	19.155%
Stage Two Shares	200,000,000	200,000,000	
<b>Shares on issue post issue of Stage Two Shares</b>	<b>1,766,163,747</b>	<b>500,000,000</b>	<b>28.31%</b>
Maximum number of Shares issued upon exercise of 100% of the LW Options	250,000,000	250,000,000	
<b>Shares on issue post issue of Stage Two Shares and exercise of 100% of the LW Options by Luck Winner</b>	<b>2,016,163,747</b>	<b>750,000,000</b>	<b>37.20%</b>

##### Explanatory notes and assumptions

1. Assumes that the Company does not issue any additional Shares or other convertible securities between the date of this Notice and the issue of the Stage Two Shares and Shares following exercise of the LW Options.
2. Assumes that Luck Winner does not acquire any further Shares other than as expressly provided for in the above table.

By way of summary:

- (a) after the issue of the Stage One Shares on 11 July 2017, Luck Winner held 300,000,000 Shares, equating to a Voting Power of approximately 19.155%;
- (b) after the issue of the Stage Two Shares, Luck Winner will hold 500,000,000 Shares, equating to a Voting Power of approximately 28.31%; and
- (c) in the event all of the LW Options were exercised by Luck Winner, it will hold 750,000,000 Shares, equating to a Voting Power of approximately 37.20%.

Accordingly, under Resolution 8, Shareholders are being asked to approve the potential for Luck Winner to increase its voting power in the Company up to a maximum of 37.20% as a result of the acquisition of the Stage Two Shares and the exercise of the LW Options.

#### 4.3.4 Approval under item 7 of section 611 of the Corporations Act for the issue of Shares to Luck Winner

Shareholder approval is being sought under item 7 of section 611 of the Corporations Act to ensure that:

- (a) the Company may issue the Stage Two Shares to Luck Winner notwithstanding that the issue of those Shares will result in Luck Winner increasing its Voting Power in the Company from a starting point of less than 20% to a higher percentage; and
- (b) Luck Winner may exercise the LW Options notwithstanding that the exercise of those Options may result in Luck Winner increasing its Voting Power in the Company from a starting point that is above 20% and below 90%, up to a maximum of 37.20% in the event Luck Winner exercises 100% of the LW Options.

Pursuant to ASX Listing Rule 7.2 (Exception 16), shareholder approval pursuant to ASX Listing Rule 7.1 is not required where approval is being obtained pursuant to section 611 (Item 7) of the Corporations Act. Accordingly, if Resolution 8 is passed by the requisite majority, the issue of the Stage Two Shares contemplated by this Resolution will be made without using the Company's 15% annual placement capacity and the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1.

However, the issue of the LW Options requires approval under ASX Listing Rule 7.1. Accordingly, if Resolution 8 is passed by the requisite majority, the issue of Options contemplated by this Resolution will be made without using the Company's 15% annual placement capacity and the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1.

The issue of Shares to Luck Winner on the exercise of the LW Options will not require further Shareholder approval provided Resolution 8 is passed by the requisite majority as:

- (a) the issue of Shares will be an issue on the conversion of convertible securities for the purpose of exception 4 in Listing Rule 7.2; and
- (b) in any event, shareholder approval is being obtained under section 611 (Item 7) of the Corporations Act so exception 16 in Listing Rule 7.2 applies.

#### **4.3.5 Regulatory Requirements**

##### **(a) *Item 7 of Section 611 of the Corporations Act***

Section 606(1) of the Corporations Act provides that a person must not acquire a Relevant Interest in issued voting shares of a listed company, such as the Company, if the person acquiring the interest does so through a transaction in relation to the securities entered into by or on behalf of the person and, because of the transaction, that person's or someone else's Voting Power in the listed company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Under section 608(1) of the Corporations Act, a person will have a Relevant Interest in securities if they are the holder of those shares, or, has the power to exercise, or control the exercise of, a right to vote attached to the securities, or, have power to dispose of, or control the exercise of a power to dispose of, the securities. Under section 608(3) of the Corporations Act, a person will have a relevant interest in securities held by a body corporate if that person's Voting Power in the body corporate is above 20% or if that person controls the body corporate.

Section 606(1A) of the Corporations Act provides that a person may acquire a Relevant Interest under one of the exceptions set out in section 611 of the Corporations Act without contravening section 606(1) of the Corporations Act.

An acquisition is not prohibited if it has been approved by a resolution of shareholders of the listed company in accordance with item 7 of Section 611 of the Corporations Act.

For the exception in item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person proposing to make the acquisition or their associates, or known to the company, that is material to the decision of how to vote on the resolution. In ASIC Regulatory Guide 74, ASIC has indicated what additional information should be provided to shareholders in these circumstances.

Neither the Company nor the Directors are aware of any additional information not set out in this Explanatory Statement, or the Independent Expert's Report included with this Notice, that would be relevant to Shareholders in deciding how to vote on the Resolution.

##### **(b) *Relevant Interest and Voting Power of Luck Winner***

The Relevant Interest and Voting Power of Luck Winner is set out in the table in section 4.3.3 above.

Luck Winner has advised that two of the nominee Directors of the Company, being Mr Sheng Fu and Mr Qiuming Yu each have a deemed Relevant Interest in the Company's Shares. Each Director has Voting Power exceeding 20% in Luck Winner. As such, in accordance with section 608(3) of the Corporations

Act, each Director has a deemed Relevant Interest in the Shares currently held, and to be acquired, by Luck Winner.

Luck Winner has otherwise confirmed to the Company that except for two of the nominee Directors' deemed Relevant Interest in the Shares through their shareholding of Luck Winner, Luck Winner's associates do not hold any other interest in the Company.

**(c) Information about Luck Winner**

The acquiring entity is Luck Winner, an international mining development and investment company incorporated in the Hong Kong Special Administrative region in 2017, which is seeking to expand its investments. The main asset of Luck Winner is the Stage One Shares it currently holds in the Company.

The current directors of Luck Winner as at the date of this notice are the following:

- Mr Qiuming Yu
- Mr Sheng Fu
- Mr Hailin Zhang

Luck Winner is owned by the following four individual shareholders:

- Mr Qiuming Yu
- Mr Sheng Fu
- Mr Hailin Zhang
- Mr Yilin Zhang

As previously noted, Mr Sheng Fu and Mr Qiuming Yu are nominee Directors of the Company. Mr Qiuming Yu is also the Chair of the Company. They both have significant mining investment, development and management experience. Additional information on Mr Sheng Fu's and Mr Qiuming Yu's background and experience is provided in Appendix 1 of the Company's ASX announcement dated 7 July 2017.

Mr Hailin Zhang has 27 years of experience in the construction industry. He is also the chairman and General Manager of Hainan RuiZe New Building Material Co., Ltd. Mr Zhang graduated from the College of Forestry and Landscape Architecture of South China Agricultural University. He has, in the past, established enterprises such as Sanya Daxing Group Limited and Sanya Kangmei Health Industry Limited and was a member of the 5th CPPCC of Hainan Province, China, and the vice-chairman of The Hainan Entrepreneur Association.

Mr Yilin Zhang has 22 years of experience in the construction industry. He is also the vice-chairman and General Manager of Sanya Daxing Group Limited. Mr Zhang graduated from Forestry and Landscape Architecture of the University of Hainan and has, in the past, established enterprises such as Sanya Daxing Group Limited and Sanya Kangmei Health Industry Limited.

Luck Winner's investment in the Company constitutes its first commercial activity since being incorporated as a company. More recently, however, East Africa Metals Inc. (EAM), a Vancouver-based mineral exploration company focused on exploration projects in Africa, announced on 2 October 2017 that it had entered into a binding memorandum of understanding with Luck Winner (MOU). The MOU provides that Luck Winner will invest in, and provide funds to, EAM for the development of EAM's gold projects in Africa. Further details of the MOU are set out in EAM's announcement dated 2 October 2017.

**(d) Luck Winner's intentions for the Company**

Under the Subscription Agreement, Luck Winner was given a right to appoint up to three representatives as Non-Executive Directors to the Company's Board. Details of the persons appointed to the Board are set out in section 3 of this Notice.

As at the date of this Notice, Luck Winner has confirmed to the Company that it has no intention to:

- make any changes to the business of the Company; however, Luck Winner has recently become a significant shareholder and will work with management regarding the Company and its strategy and future direction;
- inject any further capital into the Company; however, Luck Winner has recently become a significant shareholder and will work with management regarding the Company and its strategy and future direction;
- make any changes to the future employment of the Company's present employees; however, Luck Winner has recently become a significant shareholder and will work with management regarding the Company and its strategy and future direction;



- transfer any of the Company's assets between the Company and Luck Winner or their associates; however, Luck Winner has recently become a significant shareholder and will work with management regarding the Company and its strategy and future direction;
- redeploy any of the Company's fixed assets; however, Luck Winner may review and reconsider its strategy in the future; and
- significantly change the Company's financial or dividend distribution policies; however, Luck Winner may review and reconsider its strategy in the future.

Luck Winner has also advised the Company that it cannot confirm when or whether it intends to exercise some or all of the LW Options.

The statements set out above are statements of Luck Winner's current intention only and may vary as new information becomes available or circumstances change. Luck Winner has provided the Company with this information to assist the Company to meet its obligations under ASIC Regulatory Guide 74. The Company takes no responsibility for any omission from, or any error or false or misleading statement in this section.

Following the release of the maiden Mineral Resources estimate at the Kebigada prospect, Giro Gold Project in early July 2017, the Company announced that its strategy for the foreseeable future would be to:

- undertake further infill drilling for definition of Measured Resources and metallurgical drilling required for pre-feasibility and feasibility studies.
- social studies and implementation of key social initiatives to pave the way for development activities at Kebigada.
- commence a resource drilling programme at the Douze Match prospect.
- undertake a shallow RC drilling program to follow up on high-grade soil anomalies in the immediate surrounds at Kebigada. Significant new discoveries will be followed up with further drilling to delineate potential satellite resources which could add materially to the Kebigada Mineral Resource.
- complete regional soil sampling programmes over both licences, PE5046 and 5049. The source of newly identified soil anomalies will be investigated with trenching and shallow drilling as follow up to infill soil sampling over anomalous areas.

The then Chairman, Mr Klaus Eckhof noted "*Kebigada has now moved to the next level as we move towards pre-feasibility and feasibility studies with consideration to be given to possible commencement of early production*".

The Board will continue to make decisions for the Company independently from Luck Winner.

#### **4.3.6 Interests of Directors**

Directors, Mr Calderwood, Mr Eckhof, and Mr Shah do not have any interest in the outcome of Resolution 8 other than in their capacity as Shareholders.

As previously noted, Mr Yu and Mr Fu are directors and shareholders of Luck Winner. Mr Yu, Mr Fu and Mr Chan are all Luck Winner nominees and therefore have a direct interest in the outcome of Resolution 8. Each of these directors have determined not to make a recommendation in respect of Resolution 8 given their respective interests in the outcome of the Resolution.

#### **4.3.7 Details of any person who is intended to become a director if Shareholders approve Resolution 8**

Luck Winner already has three representatives on the Board. Luck Winner's rights under the Subscription Agreement for Board representation are noted in Section 4.3.1 "Key terms and conditions of the Subscription Agreement". These representatives are seeking to be re-elected as directors under Resolutions 3-5 (inclusive) in this Notice. Luck Winner will not be entitled to appoint any further representatives to the Board in accordance with the Subscription Agreement in the event Resolution 8 is passed by Shareholders and the securities are issued to Luck Winner.

If Resolutions 3-5 (inclusive) are not approved by Shareholders, and assuming Luck Winner exercises its right to nominate the maximum number of directors, the directors will consider those nominations in accordance with Luck Winner's contractual rights under the Subscription Agreement and in light of their statutory and directors' duties.

Based on the current composition of the Board, there is a risk that if the three Luck Winner nominees are re-elected (or if Luck Winner otherwise exercises its right to nominate the maximum number of directors it is entitled to under the Subscription Agreement), the Luck Winner nominee directors could, together pass resolutions of the Board (it should be noted that Luck Winner nominee, Mr Qiuming Yu as Chairman of the Board has a casting vote under the Company's Constitution in the event of an equality of votes). The Company notes that the Luck Winner nominee directors will owe directors duties to the Company including that they will be, amongst other duties, required to act in the best interests of the Company and not just in the best interests of Luck Winner.

Details of the experience and qualifications of each of the Luck Winner representatives are provided in section 3 of this Explanatory Statement.

#### **4.3.8 Recommendation of the Directors and reasons for recommendation**

The Directors are Mr Qiuming Yu, Mr Sheng Fu, Mr Sik Lap Chan, Mr Klaus Eckhof, Mr Mark Calderwood and Mr Susmit Shah. Mr Qiuming Yu and Mr Sheng Fu are directors and shareholders of Luck Winner and Mr Qiuming Yu, Mr Sheng Fu, Mr Sik Lap Chan are all Luck Winner's nominees to the Board. They are therefore conflicted and thus decline to make a recommendation.

Each of Mr Klaus Eckhof, Mr Mark Calderwood and Mr Susmit Shah recommends that Shareholders vote in favour of Resolution 8 for the reasons set out below. These Directors as well as the Luck Winner nominees are not aware of any information other than as set out in this Notice that is material to the decision on how to vote on Resolution 8.

##### **4.3.8.1 Independent Expert's Report**

The Company obtained a report from an independent expert in relation to the issue of the Stage Two Shares and Shares upon the exercise of the LW Options to Luck Winner, which reports whether the Share and Option issue is fair and reasonable to Shareholders not associated with Luck Winner.

In a report dated 11 October 2017, BDO Corporate Finance (WA) Pty Ltd reported that the issue of Shares and LW Options (and the further issue of Shares, if any, on the exercise of LW Options) to Luck Winner is not fair but reasonable to Shareholders not associated with Luck Winner.

The Independent Expert's Report accompanies the Notice and this Explanatory Statement.

##### **4.3.8.2 Impact on Company, its Financial Position and Capital Structure if Resolution 8 is passed**

Amani's issued capital and cash assets will increase by \$10 million upon issue of 200 million Shares to Luck Winner. In the event that Luck Winner chooses at some time in the future (within the two year term of the Options) to exercise all the LW Options at an exercise price of \$0.07 for each Option, Amani's issued capital and cash assets will increase by a further \$17.5 million.

Existing Shareholders', but excluding Luck Winner, interest in the Company's share capital will be diluted, reducing from 80.84% down to 71.69% initially and then down to 62.80% if Luck Winner exercises all of the LW Options. The impact on the Company's capital structure is illustrated in Section 4.3.3 above.

##### **4.3.8.3 Impact on Company's Prospects**

If Resolution 8 is passed, the initial equity injection of \$10 million and then a further up to \$17.5 million (if Luck Winner exercises some or all of the LW Options) will enable the Company to implement its near term strategy of advancing the Giro Gold Project – refer to Section 4.3.5(d) for details. The impact on the Company's prospects cannot be determined at this stage as further success at the Giro Gold Project is subject to a number of technical risks, in particular the identification of additional Mineral Resources of a scale, grade and recoverability that would result in a positive pre-feasibility or feasibility study.

##### **4.3.8.4 Advantages and Disadvantages of Resolution 8 being passed**

Set out below are the key advantages and disadvantages of the issue of the Stage Two Shares and LW Options to Luck Winner for consideration by Shareholders.

*(a) Advantages of the Resolution being passed*

The key advantages to Shareholders are:

- the injection of new capital at \$0.05 per Share represents a 25% premium to the 15 trading days VWAP of \$0.04 per Share preceding 9 May 2017, the date on which the parties executed a non-binding Memorandum of Understanding for Luck Winner's investment of \$25 million. The Subscription Agreement was entered into on 6 July 2017 and the 15 trading days VWAP preceding that date was again approximately \$0.04 per Share.
- Two of Luck Winner's directors and shareholders, Mr Qiuming Yu and Mr Sheng Fu (who are also Directors of the Company), have a wealth of mining industry experience and have been involved in a number of new mine developments. These skills and experience together with industry contacts in China will be invaluable in progressing the Giro Gold Project with the potential for ultimately taking it into production. Their industry contacts are across multiple disciplines including technical services, design and engineering services, mine construction and project finance.

*(b) Disadvantages of the Resolution being passed*

The key disadvantage to the Resolution being passed is that, as noted previously, the existing Shareholders interest in the Company's share capital will be significantly diluted, reducing from 80.84% down to 71.69% following issue of the Stage Two Shares and then further reduced to 62.80% if Luck Winner exercises all the LW Options.

The issue of the Stage Two Shares and Shares upon exercise of the LW Options will increase Luck Winner's control over the Company. This may reduce the likelihood of a takeover bid for the Company being made by another entity, and hence any control premium attaching to the Company's share price. The presence of a large Shareholder and reduced free trading shares may also result in a decrease in trading volumes and liquidity on the ASX.

*(c) Advantages of the Resolution NOT being passed*

The key advantage to Resolution 8 NOT being passed is that the significant dilution to the existing Shareholders interest (excluding Luck Winner) in the Company's share capital (reducing from 80.84% down to 71.69% initially and then down to 62.80% if Luck Winner exercises all the LW Options) will be avoided.

*(d) Disadvantages of the Resolution NOT being passed*

- As noted previously, the Company will be required to pay a break fee of \$250,000 and issue 150,000,000 Options for nil consideration (on the same terms as the LW Options) to Luck Winner if Shareholder approval is not provided for Resolution 8.
- The Company has targeted a substantial range of activities in the foreseeable future, refer to Section 4.3.5(d) for details. Whilst there is no effect on Amani Group's solvency, many of these activities and planned objectives may have to be curtailed if Resolution 8 is not passed and the Company does not receive a further \$10 million in equity capital in the near term from Luck Winner.
- Future capital raisings may not be able to be conducted at an issue price per Share of at least \$0.05. Capital raisings at a lower price as an alternative to Resolution 8 may result in a greater dilution of existing Shareholders' interest in Amani's issued capital.
- Whilst Luck Winner has given no such indication, in the absence of being able to increase its interest in Amani, it may determine that its shareholding in Amani is not a core asset and any sale by it of its Shares may put downward pressure on the market price of the Shares.

In assessing the Company's capital needs earlier in the year (March / April 2017), the then Board canvassed a number of strategic parties, including the largest Shareholders, for their interest in participating in or supporting an equity capital raising. All indications were that an equity raising would only be supported at significantly lower levels than the \$0.05 issue price per Share eventually negotiated with Luck Winner. Further the overall quantum of funds likely to be available, even at the lower prices, appeared to be significantly less than the \$25 million agreement eventually reached with Luck Winner. The DRC remains a challenging jurisdiction for exploring and developing mineral assets and the impact of that on raising capital successfully should not be underestimated.

In summary, whilst the Directors are cognisant of the significant dilution of existing Shareholders' interest, the Directors (other than Mr Qiuming Yu, Mr Sheng Fu and Mr Sik Lap Chan who do not express a view) believe that the Subscription Agreement with Luck Winner gives the Company the best possible opportunity in the circumstances to continue to advance the Giro Gold Project with the potential for eventually developing a mine.

#### **4.3.9 Resolution 8 - Specific information required by the Listing Rules**

As previously noted (Section 4.3.3), pursuant to ASX Listing Rule 7.2 (Exception 16), shareholder approval pursuant to ASX Listing Rule 7.1 is not required where approval is being obtained pursuant to section 611 (Item 7) of the Corporations Act.

The issue of the LW Options, as contemplated by Resolution 8, however requires approval under ASX Listing Rule 7.1.

#### **Specific Information required by Listing Rule 7.3**

For the purposes of Shareholder approval of the issue of the LW Options under Resolution 8 and the requirements of Listing Rule 7.3, information is provided as follows

- (a) The maximum number of Options to be issued and the names of the entities to whom Options will be issued is as follows:  
250,000,000 Options to Luck Winner.
- (b) The Options will be issued as soon as practicable after the date of the Meeting but no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and will be issued in full (not progressively).
- (c) The terms of the Options are set out in Appendix 1 to this Notice.
- (d) The Options will be issued at a nil price.
- (e) The Options will comprise a new class of securities. Each Option will have the right to subscribe for one Share over a two year term from the date of issue for a subscription price of \$0.07 each.
- (f) The Company will not raise any funds from the issue of these Options, however if the Options are exercised in the future the Company will receive up to \$17.5 million in funds.

A voting exclusion applying to Resolution 8 is set out in the Notice.

#### **5. Resolution 9 - Renewal of Employee Option Plan**

The Amani Gold Limited Employee Option Plan ("Plan") was established, pursuant to shareholder approval, in August 2007 and has been approved subsequently at regular intervals. In accordance with the rules of the Plan and ASX Listing Rule 7.2, Exception 9, shareholder approval is now being sought for the maintenance of the Plan. A full copy of the Plan may be obtained by contacting the Company.

The directors believe that the future success of the Company will depend significantly on the skills and motivation of key employees. The Plan is seen as an important tool to attract, motivate and retain key employees, especially in overseas locations. It is important to note that the Plan will also enable the Company to attract top calibre staff and at the same time conserve liquid funds, which might otherwise need to be spent on remuneration.

19 million options have been issued pursuant to the Plan since its last approval by Shareholders in November 2014. No options issued under the Plan have been exercised to date. At the date of this Notice, there are 19 million options on issue under the Plan and held by three employees of the Amani Group. 9.5 million options are exercisable at \$0.08 each and the remaining 9.5 million options are exercisable at \$0.10 each, all with an expiry date of 2 November 2019

The key features of the Plan are as follows:

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1. The offer of options under the Plan is at the discretion of the Board. The Board may invite applications for options from employees of the Company or certain associated or related companies of the Company. Directors of the Company are not eligible to participate in the Plan.
  2. Offers of options must specify the terms of issue.
  3. Subject to satisfaction of any exercise conditions determined by and at the discretion of the Board at the time of grant, the options granted will be exercisable after the first anniversary of the date of grant but before the third anniversary ("Expiry Date") of the date of grant. The earliest permitted date for exercise of the options is brought forward in certain circumstances, for example in the event of a takeover offer or the holder's death or permanent disablement.
  4. Any options not exercised at Expiry Date will lapse.
  5. The options issued under the Plan will be issued free of charge and entitle the holder to purchase one ordinary share at an exercise price as the Directors deem appropriate in light of surrounding circumstances but not less than any price prescribed under the ASX Listing Rules from time to time. In any case, the exercise price shall be no less than 80% of the average market price for shares over the last five (5) trading days immediately preceding the date on which the options are issued.
  6. No options may be granted if such options when aggregated with options previously issued under the Plan (or any other employee incentive scheme) would exceed 5% of the total number of issued shares in the Company.
  7. The options must be accepted by the completion of the acceptance form.
  8. Options may only be exercised by notice in writing (in the form prescribed by the Board) given by the optionholder to the Company.
  9. If an optionholder ceases employment with the Company, options held at that time and capable of being exercised will lapse unless exercised within thirty days of cessation of employment, except where employment has ceased as a result of special circumstances such as death or disablement.
  10. Options must not be assigned, transferred or otherwise dealt with except with the approval of the Board or in the case of a takeover offer or a Scheme of Arrangement.
  11. The options will not be listed on ASX, although the Company will apply for the official quotation of any shares which are issued as a result of exercise of options.
  12. In the event of any reconstruction of the capital of the Company, the number and exercise price of options issued under the Plan will be dealt with in accordance with ASX listing rules.
  13. The Corporations Act 2001 and the ASX Listing Rules have precedence over the Terms and Conditions of the Plan. Therefore, the grant or exercise of options will not be permitted if either (or both) would contravene them.
  14. The Plan may be terminated at any time by the Board, but this will not affect any accrued rights of the option holders at that time.
  15. There are no participating rights or entitlements inherent in the options and the holder will not be entitled to participate in new issues of capital offered or made to the shareholders during the currency of the options unless the options are first exercised prior to any record date, subject to vesting rules.

A voting exclusion applying to Resolution 9 is set out in the Notice.

## **6. Resolution 10 – Approval of 10% Placement Facility**

ASX Listing Rule 7.1A provides that "Eligible Entities" (as defined below) may seek Shareholder approval to issue "Equity Securities" (as defined below) up to 10% of its issued share capital through placements over a 12 month period after the Meeting ('**10% Placement Facility**'). Resolution 10 seeks Shareholder approval for this purpose. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

### **6.1 Conditions of Approval**

Approval under Listing Rule 7.1A is subject to the following:

- a) shareholder approval by way of a special resolution at an annual general meeting; and
- b) the company qualifying as an eligible entity. The company is an eligible entity if the company is outside the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

Amani Gold Limited is an Eligible Entity as at the time of this Notice and is expected to be an eligible entity



as at the time of the Meeting.

## 6.2 Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. As at the date of this Notice the Company has one class of quoted equity securities, being its ordinary shares.

## 6.3 Minimum Issue Price

The minimum price at which the Equity Securities may be issued for the purposes of Listing Rule 7.1A.3 is 75% of the volume weighted average price for Equity Securities in that particular class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- b) if the Equity Securities are not issued within five (5) Trading Days of the date in paragraph (a), the date on which the Equity Securities are issued.

## 6.4 Date of issue (10% Placement Capacity Period)

If Shareholders approve Resolution 10, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- a) 12 months after the date of this Meeting; and
- b) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(the Additional 10% Placement Period).**

The Company will only issue and allot Equity Securities during the Additional 10% Placement Period.

## 6.5 Risks associated with the Issue

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 10 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Listing Rule 7.3A.2 requires the Company to provide a table demonstrating the potential dilution effect based on three different assumed prices of the Company's Shares and three different numbers of Shares on issue in the Company (Variable 'A' in Listing Rule 7.1 and 7.1A). For convenience, we will refer to the latter as Variable 'A'.

Table A below shows the dilution of existing Shareholdings on the basis of the current market price of Shares and the current number of Shares for Variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where Variable 'A' has increased by 50% and 100%. The number of ordinary Shares on issue may increase as a result of issues of ordinary Shares that do not require Shareholder approval or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary Shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0145 50% decrease in issue price	\$0.029 Issue price	\$0.058 100% increase in issue price
Current Variable 'A' 1,766,163,747 existing Shares <sup>1</sup>	10% Voting Dilution	176,616,375 shares	176,616,375 shares	176,616,375 shares
	Funds Raised	\$2,560,937	\$5,121,875	\$10,243,750
50% increase in current Variable 'A' 2,649,245,621	10% Voting Dilution	264,924,562 shares	264,924,562 shares	264,924,562 shares
	Funds Raised	\$3,841,406	\$7,682,812	\$15,365,625
100% increase in current Variable 'A' 3,532,327,494	10% Voting Dilution	353,232,749 shares	353,232,749 shares	353,232,749 shares
	Funds Raised	\$5,121,875	\$10,243,750	\$20,487,499

<sup>1</sup> For this purpose, assumes, completion of issue of 200 million Shares to Luck Winner (Resolution 8)

(\*) Table A has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No options are exercised into Shares before the date of the issue of Shares.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the AGM. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of securities under the 10% Placement Facility consists only of Shares.
- The issue price of \$0.029, being the closest price of the Shares on ASX at the time of preparing this Notice.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

## 6.6 Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- exploration and development activities on its mineral interests in the Democratic Republic of Congo as well as any new mineral projects acquired by the Company in the period ahead; and
- for ongoing future working capital purposes.

The Company may issue Shares:

- for non-cash consideration for the acquisition of new resources assets. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

## 6.7 The Company's Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- a) the purpose of the issue;
- b) the methods of raising funds that are available to the Company including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- c) the effect of the issue of the Equity Securities on the control of the Company;
- d) the financial situation and solvency of the Company; and
- e) advice from corporate, legal, financial and broking advisors (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

## 6.8 Previous issue of Equity Securities under Listing Rule 7.1A

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2016 Annual General Meeting.

In the period following the 2016 Annual General Meeting and to the date of this Notice, the Company has issued a total of 308,711,415 Equity Securities which represented 17.16% of the total Equity Securities on issue at the commencement of that 12 month period.

Details of the Equity Securities issued in the 12 month period are outlined in Appendix 2 of this Notice

## 6.9 Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each recipient (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

## 6.10 Voting Exclusion Statement

A voting exclusion statement for Resolution 10 is included in the Notice preceding this Explanatory Statement.

At the date of the Notice, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## 6.11 Board Recommendation

The Board recommends that Shareholders vote in favour of this Resolution.



## 7. Definitions

Unless the context requires otherwise, the following words shall have the following meanings in this Explanatory Statement, the Notice of Meeting and the Proxy Form:

**10% Placement Capacity** has the meaning given in Section 6 of the Explanatory Statement.

**Associate** has the meaning given to the term "associate" in sections 12 and 16 (only) of the Corporations Act.

**ASX** means ASX Limited.

**Board** means the board of Directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means chair of the Meeting.

**Closely Related Party** has the meaning given in section 9 of the Corporations Act and includes a spouse, dependent and certain other close family members, as well as companies controlled by a KMP.

**Company (or Amani)** means Amani Gold Limited ACN 113 517 203.

**Constitution** means the Company's constitution.

**Corporations Act** means Corporations Act 2001 (Cth);

**Directors** means the current directors of the Company;

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** has the same meaning as in the Listing Rules;

**Explanatory Statement** means the explanatory Statement accompanying this Notice;

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group;

**Listing Rules** means the Listing Rules of the ASX;

**Luck Winner** means Luck Winner Investment Limited (Hong Kong Registry No. 2494907) of Suite 1203, 12/F Wing On House, 71 Des Voeux Road Central, Hong Kong.

**LW Option** means an option to acquire a Share at a subscription price of \$0.07 per Option and proposed to be issued to Luck Winner.

**Meeting** or Annual General Meeting means the meeting convened by this Notice.

**Notice** or **Notice of Meeting** means this Notice of annual general meeting.

**Options** means an options to acquire Shares in the Company.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form attached to this Notice.

**Relevant Interest** has the meaning given to the term "relevant interest" in sections 608 and 609 of the Corporations Act.

**Remuneration Report** means the remuneration report of the Company contained in the Director's Report.

**Resolution** means a resolution contained in this Notice.

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

**Shareholder** means the holder of a Share.

**Stage Two Shares** has the meaning set out in section 4.3.1 of the Explanatory Statement.

**Subscription Agreement** means the agreement entered into between the Company and Luck Winner dated 6 July 2017 under which Luck Winner agreed to invest in the Company.

**Trading Day** has the same meaning as set out in the Listing Rules.

**Voting Power** has the meaning given to the term "voting power" in section 610 of the Corporations Act.

**VWAP** means volume weighted average price.

**WST** or **Western Standard Time** means Australian Western Standard Time.

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## APPENDIX 1 (in relation to Resolution 8)

- (a) Each Option will entitle the holder to acquire one Share upon exercise of the Option.
- (b) The exercise price for the Options will be \$0.07 for each Option.
- (c) Each Option is exercisable within two years from their issue date, and any Options not exercised before such date will automatically lapse.
- (d) An Option will be exercised by the holder completing an exercise notice and delivering it to the Company together with payment in immediately available funds for the total number of Options exercised.
- (e) Shares must be issued and allotted to the holder of Options as soon as practicable after the Company receives an exercise notice together with payment in immediately available funds for the total number of Option exercised, provided that such issue and allotment occur no later than 2 Business Days thereafter.
- (f) If the exercise of an Option under paragraph (c) would result in any person being in contravention of section 606(1) of the Corporations Act (**General Prohibition**) then the exercise of the Option and issue of the Share shall be deferred until such later time or times that such exercise and issue would not result in a contravention of the General Prohibition. In these circumstances, the Company must use its best endeavours to obtain Shareholder approval in accordance with the terms of the Subscription Agreement.
- (g) There will be no participating entitlements inherent in the Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Options. Prior to any new pro-rata issue of securities to shareholders, holders of Options will be notified by the Company in accordance with the requirements of the Listing Rules.
- (h) If the Company proceeds with a bonus issue of securities, the number of Shares over which the Options are exercisable shall be increased by the number of Shares that the Option holders would have received if the Options had been exercised before the record date for the bonus issue.
- (i) In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the expiry date, all rights of a holder are to be changed in a manner consistent with the Listing Rules.
- (j) Other than as required under the Listing Rules, there is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (k) Shares allotted pursuant to an exercise of Options will rank, from the date of allotment, in all respects equally with existing Shares.
- (l) In accordance with the Listing Rules, the Company will apply for, and take all action necessary to procure, official quotation of all Shares issued and allotted pursuant to an exercise of Options immediately after the Company receives notice of the exercise of Options.
- (m) The Company must take all action necessary (including, without limitation, the issuance of a cleansing statement, the issuance of a prospectus under Chapter 6D of the Corporations Act or obtaining exemptions from or modifications to the Corporations Act from ASIC) to ensure that an offer of the Shares issued on exercise of an Option for sale will not require disclosure under section 707(3) of the Corporations Act.
- (n) The Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act.

## APPENDIX 2

The details of issues of all Equity Securities comprising Shares made in the 12 months preceding the date of the Meeting are as follows:

<b>Date of issue:</b>	11 July 2017	11 July 2017	11 July 2017 and 4 August 2017
<b>Number issued:</b>	300,000,000 Shares	8,500,000 Shares	211,415 shares - 79,500 Shares on 11/07/17 and 131,915 Shares on 4/08/17
<b>Class:</b>	Ordinary shares	Ordinary shares	Ordinary shares
<b>Summary of terms:</b>	Placement	8.5M Shares were issued upon vesting and conversion of previously granted performance rights.	Shares were issued upon exercise of the same number of listed Options.
<b>Names of persons who received securities or basis on which those persons was determined:</b>	Luck Winner Investment Limited	Holders of performance rights.	Holders of listed options.
<b>Price:</b>	\$0.05	\$Nil for Shares issued on vesting of performance rights	\$0.005 exercise price for Options.
<b>Discount to market price (if any):</b>	Nil	N/A	N/A
<b>Total cash consideration received:</b>	\$15,000,000	Nil	\$ 10,570.75 on exercise of Options
<b>Amount of cash consideration spent:</b>	27%	N/A	100%
<b>Use of cash consideration</b>	Exploration activities focussing on the Giro Project and general working capital.	N/A	Exploration activities focussing on the Giro Project and general working capital.
<b>Intended use for remaining amount of cash (if any)</b>	Exploration activities focussing on the Giro Project and general working capital.	N/A	N/A
<b>Current value of non- cash consideration</b>	N/A.	Using the current price of \$0.029 per Share, the value of 8.5m Shares issued on vesting and conversion of performance rights since the last AGM is approximately \$ 246,500.	N/A

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# AMANI GOLD LIMITED Independent Expert's Report

11 October 2017



## Financial Services Guide

11 October 2017

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Amani Gold Limited ('Amani') to provide an independent expert's report on the proposal to raise \$25 million through the issue of shares to Luck Winner Investment Limited. You will be provided with a copy of our report as a retail client because you are a shareholder of Amani.

### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

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## **Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$25,000 (excluding GST).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## **Other Assignments**

BDO Audit (WA) Pty Ltd is the appointed independent Auditor of Amani Gold. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

## **Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Amani Gold for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

## **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## **Complaints resolution**

### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

## **Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Free call: 1800 367 287  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

## **Contact details**

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report prepared by SRK Consulting (Australasia) Pty Ltd

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38 Station Street  
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Australia

11 October 2017

The Directors  
Amani Gold Limited  
Level 2, Suite 9  
389 Oxford Street  
Mount Hawthorn WA 6016

Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 7 July 2017 Amani Gold Limited ('Amani') announced that it had entered into a binding subscription agreement ('**Subscription Agreement**') to raise \$25 million through the issue of 500 million shares at \$0.05 each and 250 million free attaching options with a two-year term from date of issue exercisable at \$0.07 each to Hong Kong company Luck Winner Investment Limited ('**Luck Winner**') ('**Proposed Transaction**'). This announcement followed the initial announcement on 10 May 2017 of the Memorandum of Understanding for the Proposed Transaction.

The announcements stated that the capital raising proceeds are to be used to progress Amani's Giro Gold Project in the Democratic Republic of Congo ('**DRC**').

The Proposed Transaction comprises two stages:

- Stage One for \$15 million - to settle within two business days of the Subscription Agreement; and
- Stage Two for the remaining \$10 million, to be completed subject to approval by Amani Gold shareholders.

### 2. Summary and Opinion

#### 2.1 Purpose of the report

The directors of Amani have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of Amani ('**Shareholders**').

Our Report is prepared pursuant to section 611 of the Corporations Act 2001 Cth ('**Corporations Act**' or '**the Act**') and is to be included in the Explanatory Memorandum for Amani in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

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## 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of an Amani Gold share prior to the Proposed Transaction compares to the value of an Amani share following the Proposed Transaction;
- The likelihood of an alternative offer being made to Amani Gold;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

## 2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternate offer, the Proposed Transaction is not fair but reasonable to Shareholders.

In our opinion, the Proposed Transaction is not fair because the value of an Amani share following the Proposed Transaction on a minority basis is lower than the value of an Amani share prior to the Proposed Transaction on a control basis. However, we consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages. In particular, on a consistent minority interest basis the value following the Proposed Transaction is higher than the value prior to the Proposed Transaction.

The funds raised in the Proposed Transaction will allow Amani to progress the development of its key Giro Gold Project.

## 2.4 Fairness

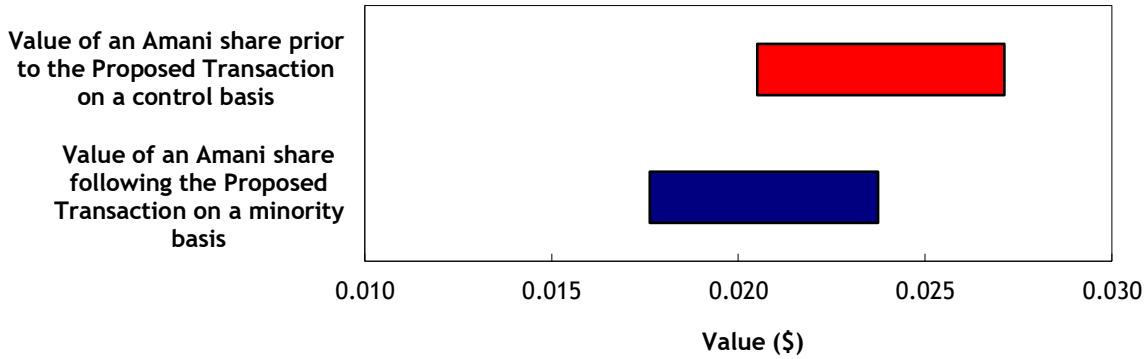
In section 12 we determined that the value of an Amani share prior to the Proposed Transaction compares to the value of an Amani share following the Proposed Transaction as detailed below.

	Ref	Low	Preferred	High
Value of Amani share prior to the Proposed Transaction	10.3	\$0.0205	\$0.0238	\$0.0271
Value of Amani share following the Proposed Transaction	11.1	\$0.0176	\$0.0206	\$0.0237

Source: BDO analysis

The above valuation ranges are graphically presented below:

### Valuation Summary



The above pricing indicates that, in the absence of any other relevant information, and an alternate offer, the Proposed Transaction is not fair for Shareholders.

### 2.5 Reasonableness

We have considered the analysis in section 13 of this Report, in terms of both

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than their position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/ or an alternate proposal, we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.4	The post Proposed Transaction share value is higher than the pre Proposed Transaction share value on a minority versus minority basis	13.5	The Proposed Transaction is not fair
13.4	Funds raised would assist in progressing the Giro Gold Project	13.5	Dilution of current shareholdings
13.4	Cash received as a part of the Proposed Transaction reduces the risk of holding shares in Amani and also strengthens the balance sheet	13.5	Disincentive for another investor to engage in a corporate transaction which might yield a takeover premium for investors

**ADVANTAGES AND DISADVANTAGES**

Section	Advantages	Section	Disadvantages
13.4	Amani shareholders will still have a majority interest in the Company and can benefit from the potential upside arising out of the Giro Gold Project	13.5	Significant influence by Luck Winner
13.4	Brings significant relevant mining expertise and experience to the Board of Amani		
13.4	Funds raised at premium to prevailing market price		
13.4	Scope to pursue activities		
13.4	Break fee of \$250,000 not incurred		
13.4	Reduces the possibility of future capital raisings being at a lower price per share		

Other key matters we have considered include:

Section	Description
13.1	Alternative proposal
13.2	Practical level of control
13.3	Consequences of not approving the Proposed Transaction

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### 3. Scope of the Report

#### 3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 of the Corporations Act ('Section 611') permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of the entity issuing shares, by either:

- undertaking a detailed examination of the Proposal/Transaction/Offer/Scheme themselves, if they consider that they have sufficient expertise, experience and resources; or
- By commissioning an Independent Expert's Report.

The directors of Amani have commissioned this Independent Expert's Report to satisfy this obligation.

#### 3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act define the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111 which provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that where the transaction is a control transaction:

- the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it; and
- it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

#### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities which are the subject of the offer in a control transaction, it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest. As such, the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of an Amani share prior to the Proposed Transaction and the value of an Amani share following the Proposed Transaction (fairness - see Section 12 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Proposed Transaction, after reference to the value derived above (reasonableness - see Section 13 'Is the Proposed Transaction Reasonable?').

### **3.4 APES 225 Compliance**

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

## 4. Outline of the Proposed Transaction

On 7 July 2017 Amani announced that a long form binding subscription agreement ('**Subscription Agreement**') had been signed on 6 July 2017 between Amani and Luck Winner relating to a \$25 million capital raising. The announcement stated that under the terms of the Subscription Agreement Luck Winner will invest \$15 million in Stage One (which was completed on 11 July 2017) and the remaining \$10 million in Stage Two which will be completed subject to approval by Amani shareholders and other conditions precedent.

The key terms of the Subscription Agreement are as follows:

### Stage One

On 11 July 2017, Luck Winner subscribed for and was issued 300 million fully paid ordinary Amani shares at a subscription price of \$0.05 each to raise a total of \$15 million. This issue of shares was completed within Amani's placement capacities under ASX Listing Rules 7.1 and 7.1A and resulted in Luck Winner holding a 19.155% interest in Amani's issued shares.

Immediately after the issue of the Stage One shares Amani appointed Luck Winner nominees Mr Sheng Fu, MR Sik Lap Chan and Mr Qiumin Yu to the Amani board as non-executive directors with Mr Yu replacing Mr Klaus Ekhof as chairman of the board and Kevin Thomson stepping down from the board.

### Stage Two

Luck Winner will subscribe for and be issued 200 million fully paid ordinary Amani shares at a subscription price of \$0.05 each for a total of \$10 million and 250 million free attaching options (exercisable at \$0.07 each within two years of the date of issue), subject to the satisfaction of the following conditions precedent:

- i) Shareholder approval. Amani receiving approval from its shareholders, in accordance with the requirements of the Corporations Act and the Listing Rules, on or before 30 November 2017 (originally 15 September 2017 but date now extended):
  - a. to ratify the issue of the Stage One shares to Luck Winner;
  - b. for the issue of the Stage Two shares to Luck Winner;
  - c. for the issue of 250 million options to Luck Winner; and
  - d. for the subsequent issue of shares arising from the exercise of any of the 250 million options for the purposes of sections 611(7) and 208 of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes.
- ii) Binding documentation being entered into between Amani Consulting sarl, Amani's subsidiary in the DRC, and Societe Miniere de Kilo-Moto sa ('**Sokimo**'), a DRC state owned entity under which Sokimo grants a two-year extension for the preparation of a feasibility study at the Giro Gold Project (on terms and conditions, including approvals from other DRC authorities, which are acceptable to Luck Winner) on or before 30 November 2017 (originally 15 September 2017 but date now extended). And
- iii) No material adverse change (which includes an event, condition or circumstance that has, or is reasonably likely to have, a materially adverse effect on the financial condition, business assets, liabilities, results of operations or prospects of the business run by the Company and each of its subsidiaries, taken as a whole) taking place between 11 July 2017 and two business



days after either satisfaction or waiver of each of the conditions precedent under the Subscription Agreement in connection with the Stage Two Shares.

Amani will be obliged to pay a break fee of \$250,000 if the shareholder approval condition precedent, item i) above, is not satisfied.

On successful completion and issue of the Stage Two shares, Luck Winner will have an interest in Amani's issued shares of approximately 28.31%. This could rise to an interest of 37.20% if Luck Winner acquires further shares through the exercise of the Stage Two options.

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## 5. Profile of Amani Gold Limited

### 5.1 Overview

Amani Gold Limited, formerly Burey Gold Limited, is a mineral exploration company with assets in the DRC. Amani was incorporated in 2005 and listed on the Australian Securities Exchange ('ASX') in 2006. Amani's registered office in Australia is in Mount Hawthorn, Western Australia.

The Company's primary asset is the 55.25% owned Giro Gold Project ('Giro Project') in the DRC, which comprises the Kebigada Prospect and the Douze Match Prospect.

In late 2016, the Company entered into an agreement with private company Medidoc FZE ('Medidoc') for Amani to acquire a 60% interest in the Tendao Gold Project ('Tendao Project'), which adjoins the Giro Project, subject to completion of due diligence and negotiation of satisfactory commercial terms. At the date of this Report, no further progress has been recorded and Amani has advised that it is presently not engaged in any active negotiations for this project and hence BDO has not attributed any value to this project for Amani.

The Company's current board members are listed below:

- Mr Qiuming Yu - Chairman;
- Mr Klaus Eckhof - Director;
- Mr Susmit Shah - Non-Executive Director and Company Secretary;
- Mr Mark Calderwood - Non-Executive Director;
- Mr Sheng Fu - Non-Executive Director; and
- Mr Sik Lap Chan - Director (Executive director from 1 September 2017).

### 5.2 Recent Capital Raisings

On 19 January 2016, the Company announced that it had completed a private placement of 68.5 million shares at 2 cents each, with 68.5 million free attaching options exercisable at 5 cents, to raise a total of \$1.37 million.

On 6 July 2016, the Company announced that it had completed a \$11.65 million private placement 'book build' to 'cornerstone investors' being international resource funds and domestic and international institutional and professional investors. This was achieved through the issue of 215 million shares at 5.4 cents per share to fund exploration activity at the Giro Project.

On 10 May 2017, the Company announced that it had entered into a non-binding memorandum of understanding to raise \$25 million from Luck Winner through the issue of 500 million shares at 5 cents each and 250 million free attaching options exercisable at 7 cents each. This capital raising is the subject of this Report.

### 5.3 Projects

#### Giro Project

The Giro Project is located 35km outside of the town of Giro and approximately 1,750km northeast of the DRC's capital, Kinshasa. The project is owned by Giro Goldfields SARL ('Giro Goldfields') a private company registered in the DRC. Giro Goldfields is jointly owned by Amani Consulting SARL ('Amani Consulting') (65% ownership) and DRC state owned entity, Sokimo (35% ownership). Amani currently holds an 85% interest in Amani Consulting and the first right of refusal on the remaining 15% interest in Amani Consulting. If Amani acquired the remaining 15% interest in Amani Consulting, it would give the Company a further 9.75% interest on their existing 55.25% interest in the Giro Project.

As part of the Association Agreement between Amani Consulting and Sokimo, Amani Consulting must provide a feasibility study for the project within a specified time. The study was due to be delivered in January 2014, but was extended up to 4 February 2017.

The Giro Project covers two granted exploitation permits (PE 5046 and PE 5049) and includes seven prospects. The seven prospects include the primary prospect, Kebigada ('Kebigada Prospect') for which a mineral resource was defined in 2017. Between 2014 and 2016 a drilling campaign was carried out at the Giro Project. A further drilling campaign ran from February 2017 to May 2017. Both drilling campaigns focused on the Kebigada Shear Zone Prospect. During the campaign which commenced in 2014, 145 reverse circulation ('RC') drill holes were completed and 10 diamond drill holes were completed. During the 2017 campaign 45 RC drill holes completed and 14 diamond drill holes were completed. During 2016-2017 a drilling program was also undertaken at the Douze Match Prospect, with 189 RC drill holes completed and 8 diamond drill holes completed. 52 RC scout holes were also drilled at the adjacent Siona prospect. On 5 July 2017 Amani announced a Maiden Indicated and Inferred Mineral Resource at Kebigada. On 11 October 2017 Amani announced an update on the drilling programmes at the Giro Project.

Further information on the Giro Project may be found in Appendix 3.

### 5.4 Historical Balance Sheet

Statement of Financial Position	Audited as at 30-Jun-17 \$	Reviewed as at 31-Dec-16 \$	Audited as at 30-Jun-16 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,062,471	6,264,853	416,453
Other receivables	211,777	207,700	82,996
Loan receivable	0	0	158,583
<b>TOTAL CURRENT ASSETS</b>	<b>1,274,248</b>	<b>6,472,553</b>	<b>658,032</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	99,420	95,992	39,813
Exploration and evaluation expenditure	24,787,528	21,024,586	16,051,029
<b>TOTAL NON-CURRENT ASSETS</b>	<b>24,886,948</b>	<b>21,120,578</b>	<b>16,090,842</b>
<b>TOTAL ASSETS</b>	<b>26,161,196</b>	<b>27,593,131</b>	<b>16,748,874</b>
<b>CURRENT LIABILITIES</b>			

Statement of Financial Position	Audited as at 30-Jun-17 \$	Reviewed as at 31-Dec-16 \$	Audited as at 30-Jun-16 \$
Trade and other payables	395,932	470,288	270,029
Borrowings	91,081	0	403,177
<b>TOTAL CURRENT LIABILITIES</b>	<b>487,013</b>	<b>470,288</b>	<b>673,206</b>
<b>TOTAL LIABILITIES</b>	<b>487,013</b>	<b>470,288</b>	<b>673,206</b>
<b>NET ASSETS</b>	<b>25,674,183</b>	<b>27,122,843</b>	<b>16,075,668</b>
<b>EQUITY</b>			
Contributed equity	47,883,517	47,883,516	36,719,406
Reserves	7,852,626	8,762,972	9,681,643
Accumulated losses	(30,445,659)	(29,851,780)	(30,690,744)
<b>CAPITAL &amp; RESERVES ATTRIBUTED TO OWNERS OF AMANI GOLD LIMITED</b>	<b>25,290,484</b>	<b>26,794,708</b>	<b>15,710,305</b>
Non-controlling interest	383,699	328,135	365,363
<b>TOTAL EQUITY</b>	<b>25,674,183</b>	<b>27,122,843</b>	<b>16,075,668</b>

Source: Amani Gold Limited's Annual Reports for 2015, 2016 and 2017

### Commentary on Balance Sheet

We note the following in relation to the financial position of the business:

- Increases in exploration and evaluation expenditure to \$24,787,528 as at 30 June 2017 relate mainly to the Giro project including additional drilling campaigns at three Giro prospects; Kebigada, Douze Match and Siona.
- Property, plant and equipment increased through the purchase of two motor vehicles in the DRC.
- In July 2016 the Company concluded a book building share issue of 216,199,999 shares at 5.4 cents per share to raise \$11.675 million. A further \$150,742 was raised in August 2016 on exercise of 3,014,836 options at an exercise price of 5 cents per share.

### 5.5 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited y/e 30-Jun-17 \$	Audited y/e 30-Jun-16 \$	Audited y/e 30-Jun-15 \$
<b>Income</b>			
Revenue from continuing operations	98,321	13,658	18,282
<b>Expenses</b>			
Consultants and corporate costs	(507,293)	(666,822)	(582,596)
Due diligence costs	(326,798)	-	-
Employee benefits expense	(407,833)	(408,719)	(385,437)
Share based payments expense	(270,579)	(1,294,218)	(53,246)

Statement of Comprehensive Income	Audited	Audited	Audited
	y/e 30-Jun-17	y/e 30-Jun-16	y/e 30-Jun-15
	\$	\$	\$
Exploration expenditure written off	-	(8,787,234)	-
Impairment on listed securities	-	(872,115)	-
Gain on disposal of subsidiaries	1,991,919	-	-
Occupancy expenses	(73,852)	(81,563)	(75,651)
Travel expenses	(167,288)	(158,870)	(125,446)
Depreciation expense	(25,111)	(21,005)	(13,745)
Foreign exchange gain/ (loss)	(53,862)	(134,417)	(18,828)
<b>Loss from continuing operations before income tax</b>	<b>257,624</b>	<b>(12,411,305)</b>	<b>(1,236,667)</b>
Income tax expense	-	-	-
<b>Net Loss from continuing operations after income tax</b>	<b>257,624</b>	<b>(12,411,305)</b>	<b>(1,236,667)</b>
Foreign currency translation differences	(679,232)	829,862	2,611,754
Reclassification to profit and loss on disposal of foreign subsidiaries	(2,062,807)	-	-
Changes in fair value of available for sale financial assets	-	385,824	(385,824)
<b>Total comprehensive loss for the year</b>	<b>(2,484,415)</b>	<b>(11,195,619)</b>	<b>989,263</b>
<b>Net loss attributable to</b>			
Owners of Amani Gold Limited	(2,478,619)	(11,278,109)	986,766
Non-controlling interest	(5,796)	82,490	2,497
<b>Total comprehensive loss for the year</b>	<b>(2,484,415)</b>	<b>(11,195,619)</b>	<b>989,263</b>

Source: Amani Gold Limited's Annual Reports for 2015, 2016 and 2017

### Commentary on Statement of Comprehensive Income

We note the following in relation to the Business' recent financial performance:

- Revenue of \$98,321 for the year ended 30 June 2017 comprised mainly interest income arising from the cash on hand following the capital raising in July 2016.
- For the year to 30 June 2016 exploration expenditure written off of approximately \$8.8 million relates to the Company's decision to withdraw from the Balatindi Project in Guinea, West Africa. Activity was initially impacted by the Ebola crisis before the Company decided that the significant investment required to fund further exploration would be better directed to the Giro Project.
- For the year to 30 June 2016 'Impairment on listed securities' is in relation to the Company's shares in Blox, Inc. (listed in the USA) which were received as partial consideration for the sale of the Group's interest in the Mansounia Gold project. As at 30 June 2016, full impairment has been provided for.
- Gain on disposal of subsidiaries of \$1,991,919 relates to the disposal of Burey Gold (Ghana) Ltd and Burey Gold Guinee SARL.

## 5.6 Capital Structure

The share structure of Amani as at 26 September 2017 is outlined below:

	Number
Total ordinary shares on issue	1,566,163,747
Top 20 shareholders	1,316,408,208
Top 20 shareholders - % of shares on issue	84.05%

Source: share registry information

The range of shares held in Amani as at 26 September 2017 is as follows:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
BNP Paribas Nominees Pty Ltd	327,284,724	20.90%
JP Morgan Nominees Australia Limited	311,145,431	19.87%
Luck Winner Investment Limited	300,000,000	19.16%
HSBC Custody Nominees (Australia) Limited	132,166,879	8.44%
Perseus Mining Limited	72,530,199	4.63%
Subtotal	1,143,127,233	72.99%
Others	423,036,514	27.01%
<b>Total ordinary shares on Issue</b>	<b>1,566,163,747</b>	<b>100.00%</b>

Source: share registry information

The ordinary shares held by the most significant shareholders as at 26 September 2017 are detailed below:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	59	10,397	0.00%
1,001 - 5,000	98	327,897	0.02%
5,001 - 10,000	198	1,683,348	0.11%
10,001 - 100,000	1,039	44,778,595	2.86%
100,001 - and over	428	1,519,363,510	97.01%
<b>TOTAL</b>	<b>1,822</b>	<b>1,566,163,747</b>	<b>100.00%</b>

Source: share registry information

Unexpired options of Amani as at 5 October 2017 are outlined below:

Unlisted Options on Issue	Number
Exercisable at \$0.08 each on or before 2 November 2019	9,500,000
Exercisable at \$0.10 each on or before 2 November 2019	9,500,000
Exercisable at \$0.03 each on or before 31 December 2020	7,500,000
Exercisable at \$0.04 each on or before 31 December 2020	10,000,000
Exercisable at \$0.05 each on or before 31 December 2020	10,000,000
<b>TOTAL</b>	<b>46,500,000</b>

Source: share registry information

All Amani's listed options expired on 31 July 2017. (Source: ASX announcement 19 July 2017).

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## 6. Profile of Luck Winner Investment Limited

Luck Winner is overseas registered and has its principal place of business in Hong Kong. The Company has been advised and understands from enquiries made by it, that Luck Winner is an investment entity incorporated in March 2017 with the specific intention of assessing and making an investment in the Giro Project.

The Notice of Meeting sets out the intentions of Luck Winner with regard to the future of Amani if the Proposed Transaction proceeds. This information was provided to Amani and is quoted from the Notice of Meeting.

*Luck Winner has confirmed to the Company that it has no intention to:*

- *make any changes to the business of the Company; however, Luck Winner has recently become a significant shareholder and will work with management regarding the Company and its strategy and future direction;*
- *inject any further capital into the Company; however, Luck Winner has recently become a significant shareholder and will work with management regarding the Company and its strategy and future direction;*
- *make any changes to the future employment of the Company's present employees; however, Luck Winner has recently become a significant shareholder and will work with management regarding the Company and its strategy and future direction;*
- *transfer any of the Company's assets between the Company and Luck Winner or their associates; however, Luck Winner has recently become a significant shareholder and will work with management regarding the Company and its strategy and future direction;*
- *redeploy any of the Company's fixed assets; however, Luck Winner may review and reconsider its strategy in the future; and*
- *significantly change the Company's financial or dividend distribution policies; however, Luck Winner may review and reconsider its strategy in the future.*

*Luck Winner has also advised the Company that it cannot confirm when or whether it intends to exercise some or all of the Options (to be issued to it as part of the Proposed Transaction).*

*The statements set out above are statements of Luck Winner's current intention (at the date of the Notice of Meeting) only and may vary as new information becomes available or circumstances change.*

## 7. Economic analysis

### Global

Overall, conditions in the global economy are continuing to improve. Strengthened conditions have contributed to higher commodity prices. Growth in global industrial production and trade has also picked up recently, and labour market conditions in many countries have tightened.

Growth in the Chinese economy picked up in the first half of 2017, primarily as a result of infrastructure spending and property construction. Despite this, growth is expected to slow in 2018. The expected slowdown is expected as a result of structural factors, including the implementation of policies designed to reduce growing debt. The tolerance for slightly slower economic growth will give the country more room to push through reforms and deal with levels of built-up debt.

Above-trend growth is expected in a number of advanced economies, however uncertainty regarding the global economic outlook and policy settings for major jurisdictions continues. Recently, global monetary policy has been accommodative however there no longer exists an expectation of additional monetary easing in major economies.

### Australia

In Australia, the economy is expected to grow at around 3% annually over the next couple of years. Business conditions in the Australian economy have strengthened, with a pick-up in retail sales and greater momentum in the labour market. The transition to lower levels of mining investment following the mining boom is almost complete and there is an expectation of increased non-mining investment. Underlying inflation is approximately 2%, but is expected to increase as the economy strengthens.

Conditions in the Australian labour market have improved from late 2016. A pick up in employment growth over the first half of 2017 has been driven by largely by growth in the full time employment. Full time employment growth contributed to the jump in total average hours worked. An increase in the participation rate, is further indication that conditions in the labour market are improving. Unemployment fell in the June Quarter of 2017, however it remains above full employment estimates, indicating that there is still spare capacity in the labour market. Despite increased employment growth, wage growth remains low across all industries and states, although stronger labour market conditions should see a lift in wage growth over time.

Despite a slowdown in consumption growth over the first quarter of 2017, household consumption growth is expected to increase in the coming quarters. Retail sales have grown and spending and employment growth has picked up. Employment growth and low interest rates should support continued household spending.

Housing credit growth has been relatively stable over the first half of 2017. During this period growth in investor credit declined but this was offset by faster growth in housing credit given to owner-occupiers. The decline in investor credit is likely to be the result of tighter lending standards. In particular, lenders are now required to limit the share of interest-only-loans to below 30% of new loans.

Business credit growth was weak in the March quarter of 2017, but picked up in the June quarter of 2017. This growth reflects some stability in the level of lending to the resource sector, after an earlier period of deleveraging. Demand for credit remains varied across industries. Loan approvals for the construction of residential property has remained high, however loan approvals for the purchase or construction of commercial property has declined.

Between 2013 and 2015 the Australian dollar depreciated against the US dollar and Trade Weighted Index ('TWI'). The Australian dollar has appreciated since mid-year against the TWI and the US dollar. The higher Australian dollar is expected to subdue inflationary pressures, as imports become cheaper. If the Australian Dollar appreciates further, there could be a slower pick-up in economic activity than expected.

Source: [www.rba.gov.au](http://www.rba.gov.au) Statement by Philip Lowe, Governor: Monetary Policy Decision 3 October 2017

### Democratic Republic of Congo

The Democratic Republic of Congo ('DRC') has been endowed with significant resource wealth, however long periods of political instability and a series of conflicts have dampened economic growth and government revenues.

The mining sector has been the cornerstone of the Congolese economy, with majority of its export revenue generated by the mining sector. Falling commodity prices, saw economic growth drop from 6.9% in 2015, to 2.5% in 2016. However, with the recent rise of some commodity prices, economic growth is expected to reach 4.0% in 2017 and 5.2% in 2018. There has been some concern regarding rising inflation, with inflation reaching 11.24% in 2016 on the back of a depreciation in the Congolese Franc.

Over the last few years there has been growth in other sectors, including manufacturing, agriculture and transport and communications, but further economic diversification is required to create a stable economic climate. Corruption, a lack of transparency and uncertain legal frameworks has hindered growth economic growth in the DRC. While the Government has launched reforms to improve transparency and governance, there are still further measures required to ensure political and economic stability.

Source: World Bank and African Development Bank Group

## 8. Industry analysis

Gold is a soft malleable metal which is highly desirable due to its rarity and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however in more recent history there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and provides a safe haven investment during periods of economic uncertainty.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the supply of gold for the seven years through 2016 is provided in the table below:

Gold supply (tonnes)	2010	2011	2012	2013	2014	2015	2016
Mine production	2,744	2,846	2,911	3,073	3,148	3,220	3,255
Net producer hedging	-109	23	-45	-28	105	13	33
Recycled gold	1,683	1,667	1,691	1,262	1,189	1,120	1,296
<b>Total supply</b>	<b>4,318</b>	<b>4,536</b>	<b>4,557</b>	<b>4,307</b>	<b>4,442</b>	<b>4,353</b>	<b>4,584</b>

The gold ore mining industry (**'the Industry'**) has performed steadily in recent years, with growth driven by price increases and gold's status as a counter cyclical commodity. However, Industry revenue is projected to stagnate as the world economy stabilises following uncertainty surrounding the United States (**'US'**) Presidential Election and the United Kingdom's exit from the European Union. According to IBIS World, Industry revenue is projected to increase at an annualized 2.6% over the five years through 2016-17 to reach \$15.5 billion.

### Key External Drivers

Global gold prices have a significant impact on the revenue generated by Industry operators. When gold prices are low, gold miners are less likely to commit to projects with lower gold grades and higher production costs. Ultimately, a decline in gold prices reduces the viability of new and existing projects, which hinders Industry growth.

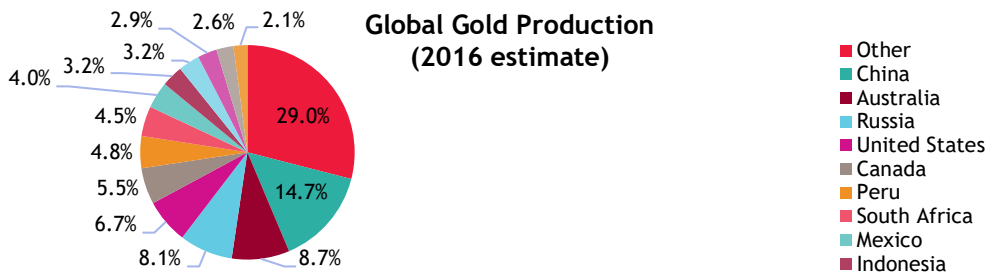
The global gold price is denominated in US dollars (**'USD'**). Therefore, the exchange rate directly affects the returns received by local Industry operators. A weaker domestic currency benefits the local Industry by reducing prices in export markets and providing opportunities for expansion.

Global demand for gold is also influenced by global economic performance, which is inversely related due to the counter cyclical nature of gold. Stronger global gross domestic product (**'GDP'**) growth can therefore negatively impact gold demand and the Industry. According to IBIS World, global economic performance is expected to improve, which may place downward pressure on demand for gold.

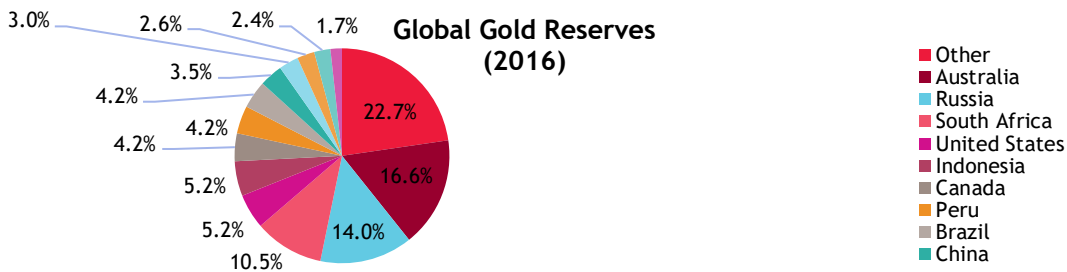
## Gold Ore Mining Trends

Gold ore mining is a capital intensive and high cost process, which is becoming increasingly difficult and more expensive as the quality of ore diminishes. The Industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of Industry operators' inability to significantly alter cost structures once a mine commences operation.

Until the late 1980s, South Africa produced approximately half of the total gold ore mined globally. More recently however, the Industry has diversified geographically, with China and Australia dominating global gold production. According to the United States Geological Survey for January 2017, total estimated global gold ore mined for 2016 was approximately 3,100 metric tonnes. The chart below illustrates the estimated global gold production by country for 2016.



Global gold reserves are consistent with current production statistics, with China and Australia accounting for approximately 30% of the estimated total reserves of 57,000 metric tonnes. The chart below illustrates the estimated global gold reserves by country for 2016.



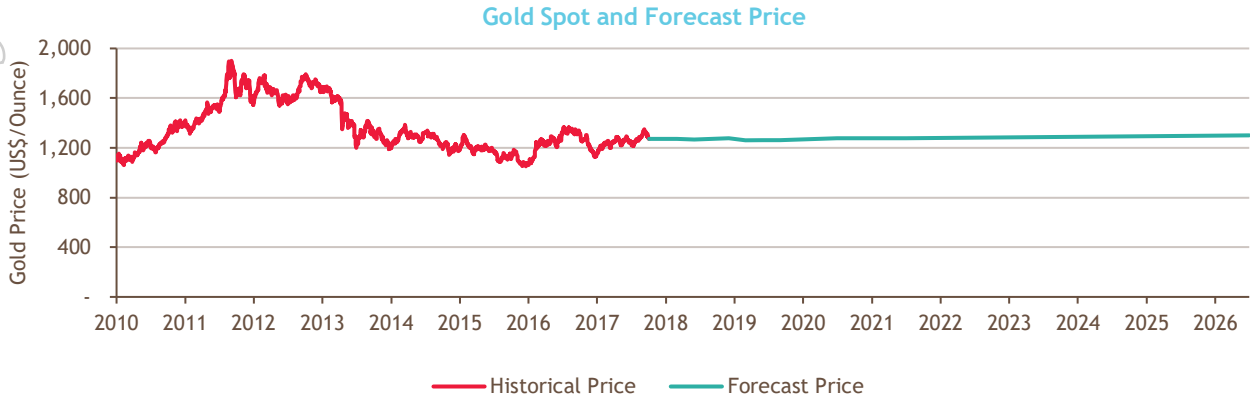
## Gold prices

The price of gold peaked at US\$1,900 on 5 September 2011, due largely to the debt market crisis in Europe and the Standard and Poor's downgrade of the US credit rating. Global stock markets subsequently went into turmoil, which saw a flood of investors towards safer havens such as gold.

The price of gold fluctuated around US\$1,700 during 2012 before entering a steep decline in 2013. The downturn represented the beginning of a correction in the price of gold, which had almost tripled in the two-year period prior to the European crisis in 2011. Improved market sentiment and increased risk appetite from investors saw gold prices continue to decline throughout 2014 and 2015 to US\$1,051 in December 2015.

During 2016, gold prices strengthened, likely as a result of heightened uncertainty surrounding the US Presidential election and the United Kingdom's exit from the European Union. The price of gold reached

US\$1,363 in late 2016 before stabilising around US\$1,200 for the first half of 2017. The gold spot price since 2010 and forecast prices through to 2026 are depicted in the graph below:



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## 9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Amani shares we have chosen to employ the following methodologies:

### 9.1 Valuation of an Amani share prior to the Proposed Transaction

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of an Amani share we have chosen to employ the following methodologies:

- NAV on a going concern basis as our primary valuation methodology; and
- QMP approach as our secondary valuation methodology.

We have chosen these methodologies for the following reasons:

- The NAV methodology is the most appropriate to consider as Amani's major assets are cash and its interest in the Giro Gold Project.
- The QMP method is a relevant methodology to consider as Amani's shares are traded on the ASX which represents a regulated and observable market where the Company's shares can be traded. However, in order for QMP to be considered an appropriate methodology we have considered whether there is a liquid active market for the shares, as per RG 111.69(d). We have also addressed the fact that the QMP only reflects a minority interest value.
- In its current form, Amani has no foreseeable future net cash inflows and therefore the application of the DCF valuation approach is not appropriate; and
- The FME approach is inappropriate given the Company is not currently generating any income from its mining assets and as such there is no earnings history that could be used to derive estimated future maintainable earnings.

### 9.2 Valuation of an Amani share following the Proposed Transaction

In our assessment of the value of an Amani share following the Proposed Transaction, we have adopted the sum-of-parts approach which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods.

The value of an Amani share following the Proposed Transaction consists of the following components:

- The value of Amani prior to the Proposed Transaction based on the NAV approach as the primary methodology and the QMP approach as our secondary methodology;
- The cash raised as a result of the issue of shares in Stage Two of the Proposed Transaction, net of any transaction costs;
- The number of shares on issue following the Proposed Transaction is adjusted for the new shares issued;
- A minority discount is applied to the NAV to arrive at the value of an Amani share following the Proposed Transaction on a minority interest basis.

#### Independent specialist valuation

In valuing Amani, both prior to and following the Proposed Transaction, we have relied on the independent specialist valuation of Amani's mineral assets performed by SRK Consulting (Australasia) Pty Ltd ('SRK') in accordance with the Code of Technical Assessment of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2015 ('the Valmin Code') and the JORC Code 2012.

We are satisfied with the valuation methodologies adopted by SRK which we believe are in accordance with industry practice and compliant with the requirements of the Valmin Code. A copy of SRK's valuation report is attached in Appendix 3.

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## 10. Valuation of Amani prior to the Proposed Transaction

### 10.1 Net Asset Valuation of Amani

The value of Amani's assets on a going concern basis is reflected in our valuation below:

	Ref	Audited as at 30 June 2017 \$	Low valuation \$	Preferred valuation \$	High valuation \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	(a)	1,062,471	16,062,471	16,062,471	16,062,471
Other receivables		211,777	211,777	211,777	211,777
<b>TOTAL CURRENT ASSETS</b>		<b>1,274,248</b>	<b>16,274,248</b>	<b>16,274,248</b>	<b>16,274,248</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment		99,420	99,420	99,420	99,420
Exploration and evaluation	(b)	24,787,528	16,223,000	21,411,000	26,600,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>24,886,948</b>	<b>16,322,420</b>	<b>21,510,420</b>	<b>26,699,420</b>
<b>TOTAL ASSETS</b>		<b>26,161,196</b>	<b>32,596,668</b>	<b>37,784,668</b>	<b>42,973,668</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		395,932	395,932	395,932	395,932
Borrowings		91,081	91,081	91,081	91,081
<b>TOTAL CURRENT LIABILITIES</b>		<b>487,013</b>	<b>487,013</b>	<b>487,013</b>	<b>487,013</b>
<b>TOTAL LIABILITIES</b>		<b>487,013</b>	<b>487,013</b>	<b>487,013</b>	<b>487,013</b>
<b>NET ASSETS</b>		<b>25,674,183</b>	<b>32,109,655</b>	<b>37,297,655</b>	<b>42,486,655</b>
Shares on issue (number)		1,566,163,747	1,566,163,747	1,566,163,747	1,566,163,747
Value per Amani share (\$)			\$0.0205	\$0.0238	\$0.0271

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of Amani since 30 June 2017, apart from the matter noted below in relation to cash and cash equivalents.

The table above indicates the net asset value of an Amani share is between \$0.021 and \$0.027.

The following adjustments were made to the net assets of Amani as at 30 June 2017 in arriving at our valuation.

### (a) Cash and cash equivalents balance

We note that Stage One of the overall transaction was completed on 11 July 2017 resulting in the raising of \$15 million. We have adjusted the cash balance to reflect this cash raised. No allowance has been made for any transaction costs.

### (b) Valuation of Amani's mineral assets

We instructed SRK Consulting (Australasia) Pty Ltd ('SRK') to provide an independent market valuation of the mineral assets held by Amani. SRK considered a number of different valuation methods when valuing the exploration assets of Amani. SRK applied the MEE method and the comparable transaction method. The MEE method is discussed in Appendix 2. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider these methods to be appropriate given the pre-feasibility stage of development for Amani's exploration assets.

The range of values for Amani's mineral assets as assessed by SRK is set out below:

Mineral Asset	Low Value	Preferred Value	High Value
Giro Gold Project			
Mineral resource	US\$19.75	US\$26.85	US\$33.95
Exploration potential	US\$3.47	US\$3.79	US\$4.10
<b>Total - US\$ - 100%</b>	<b>US\$23.21</b>	<b>US\$30.63</b>	<b>US\$38.06</b>
55.25% interest held by Amani - US\$	<b>US\$12.82</b>	<b>US\$16.93</b>	<b>US\$21.03</b>
100% interest translated at 0.7905 to AU\$	<b>AU\$16.223</b>	<b>AU\$21.411</b>	<b>AU\$26.600</b>

Source: SRK Report

The table above indicates a range of values between \$16.223 million and \$26.600 million, with a preferred value of \$21.411 million. (We note that the exchange rate used was 0.7905 as at 25 August 2017 as published by the RBA. The equivalent exchange rate at 5 October was 0.7832. We have not adjusted the Australian dollar value provided in the SRK Report.)

## 10.2 Quoted Market Prices for Amani's Securities

To provide a comparison to the valuation of Amani in Section 10.1, we have also assessed the quoted market price for an Amani share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of Section 611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;

- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

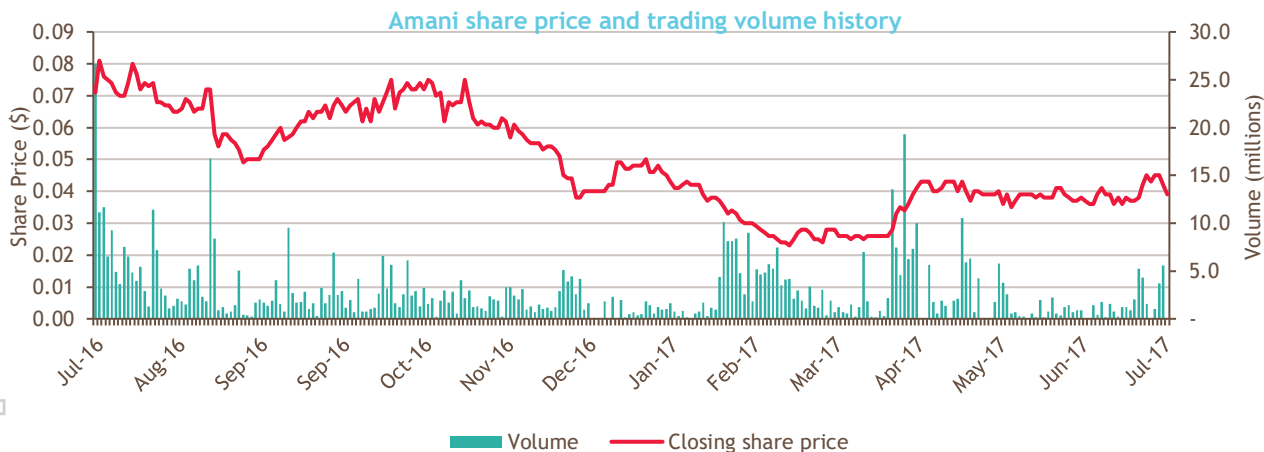
Whilst Luck Winner will not be obtaining 100% of Amani, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. The expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the quoted market price of an Amani share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

### Minority interest value

Our analysis of the quoted market price of an Amani share is based on the pricing prior to the announcement of the Transaction. This is because the value of an Amani share after the announcement may include the effects of any change in value as a result of the Transaction. However, we have considered the value of an Amani share following the announcement when we have considered reasonableness in Section 13.

Information on the Transaction was announced to the market on 7 July 2017. Therefore, the following chart provides a summary of the share price movement over the twelve months to 6 July 2017, which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Amani's shares from 6 July 2016 to 6 July 2017 has ranged from a low of \$0.022 on 22 December 2016 to a high of \$0.081 on 7 July 2016. During the assessed period, the ASX closing price of an Amani share has generally fluctuated within a band between \$0.020 and \$0.080.

As part of our review, we also noted instances of substantially increased trading volume, the specific instances occurred on

- 7 July 2016 on which date approximately 26.6 million shares were traded;

- 10 April 2017, on which date approximately 19.3 million shares were traded; and
- 16 August 2016, on which date approximately 16.7 million shares were traded.

We note that on 6 July 2016, the Company announced that it had completed an \$11.6 million placement to further exploration progress at Giro. On 10 April 2017 the Company released drill results from its drilling program at Giro and on the 16 August 2016, the Company released results of shallow RC drilling at Giro.

During the twelve months to 6 July 2017, a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
05/07/2017	2.3M ounce Maiden Mineral Resource estimate at Kebigada	0.042	▼ 6.7%	0.038	▼ 9.5%
22/06/2017	Capital Raising Due Diligence	0.038	▲ 5.6%	0.038	► 0.0%
01/06/2017	Capital Raising Due Diligence	0.039	▼ 4.9%	0.037	▼ 5.1%
26/05/2017	Diamond drill results at depth add to Maiden Resource model	0.038	► 0.0%	0.041	▲ 7.9%
17/05/2017	Significant results from further infill drilling at Kebigada	0.039	▲ 5.4%	0.039	► 0.0%
10/05/2017	Reinstatement to Official Quotation	0.040	▲ 2.6%	0.035	▼ 12.5%
10/05/2017	Amani to raise \$25m with Cornerstone to Underpin Exploration	0.040	▲ 2.6%	0.035	▼ 12.5%
09/05/2017	Suspension from Official Quotation	0.039	► 0.0%	0.039	► 0.0%
05/05/2017	Trading Halt	0.039	► 0.0%	0.040	▲ 2.6%
04/05/2017	Further significant results from infill drilling at Kebigada	0.039	▼ 2.5%	0.039	► 0.0%
28/04/2017	Quarterly Cashflow Report	0.040	▼ 7%	0.040	► 0%
28/04/2017	Quarterly Activities Report	0.040	▼ 7%	0.040	► 0%
10/04/2017	Intercept of 105m at 7.33g/t Au from infill drilling	0.036	▲ 6%	0.043	▲ 19%
05/04/2017	High grade mineralisation from infill drilling at Kebigada	0.033	▲ 18%	0.036	▲ 9%
16/03/2017	Half Year Accounts	0.026	▼ 7%	0.025	▼ 4%
10/03/2017	Ceasing to be a substantial holder	0.024	▼ 4%	0.028	▲ 17%
09/03/2017	First Results from Infill Drilling at Kebigada	0.025	► 0%	0.028	▲ 12%
15/02/2017	Tendao results and update on Kebigada resource estimate	0.030	► 0%	0.027	▼ 10%
31/01/2017	Quarterly Cashflow Report	0.037	▼ 5%	0.037	► 0%
31/01/2017	Quarterly Activities Report	0.037	▼ 5%	0.037	► 0%
16/01/2017	Further Drill Results from Giro Gold Project	0.046	▼ 4%	0.041	▼ 11%
29/12/2016	Change of Company Name	0.042	► 0%	0.047	▲ 12%



Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
08/12/2016	Strong drill results increase Kebigada mineralisation	0.054	▶ 0%	0.045	▼ 17%
02/12/2016	Change in substantial holding - JPM	0.055	▶ 0%	0.054	▼ 2%
25/11/2016	Results of Meeting	0.061	▲ 7%	0.056	▼ 8%
25/11/2016	2016 AGM Presentation	0.061	▲ 7%	0.056	▼ 8%
09/11/2016	Burey reports High Gold Recoveries from CIL Testwork	0.075	▲ 10%	0.061	▼ 19%
04/11/2016	Amended Appendix 3B	0.067	▼ 1%	0.075	▲ 12%
03/11/2016	Burey to acquire interest in neighbouring Tendao Project	0.068	▲ 10%	0.068	▶ 0%
02/11/2016	Appendix 3B	0.062	▼ 13%	0.068	▲ 10%
31/10/2016	Infill drill results from Kebigada extend mineralisation	0.070	▼ 5%	0.068	▼ 3%
28/10/2016	Quarterly Cashflow Report	0.074	▼ 1%	0.062	▼ 16%
28/10/2016	Quarterly Activities Report	0.074	▼ 1%	0.062	▼ 16%
27/10/2016	Appendix 4G	0.075	▲ 4%	0.071	▼ 5%
27/10/2016	Annual Report to shareholders	0.075	▲ 4%	0.071	▼ 5%
25/10/2016	Notice of Annual General Meeting/Proxy Form	0.074	▲ 3%	0.074	▶ 0%
21/10/2016	Investor Presentation October 2016	0.072	▼ 3%	0.072	▶ 0%
30/09/2016	Full Year Statutory Accounts	0.067	▲ 3%	0.062	▼ 7%
19/09/2016	Maiden Resource Drilling Underway on Giro Gold Project	0.063	▼ 3%	0.067	▲ 6%
07/09/2016	Change in substantial holding	0.060	▲ 3%	0.058	▼ 3%
01/09/2016	Burey commences 22,200m Diamond and RC drilling programs	0.053	▲ 6%	0.058	▲ 9%
19/08/2016	Section 708A(5)(e) Cleansing Notice	0.058	▶ 0%	0.053	▼ 9%
16/08/2016	Final Results from reconnaissance shallow RC drilling	0.058	▼ 19%	0.058	▶ 0%
10/08/2016	Change of Director's Interest Notice x 2	0.066	▲ 2%	0.072	▲ 9%
10/08/2016	Appendix 3B	0.066	▲ 2%	0.072	▲ 9%
29/07/2016	Quarterly Cashflow Report	0.067	▼ 1%	0.065	▼ 3%
29/07/2016	Quarterly Activities Report	0.067	▼ 1%	0.065	▼ 3%
28/07/2016	Becoming a substantial holder	0.068	▶ 0%	0.065	▼ 4%
27/07/2016	Further High Grade Mineralisation at Douze Match	0.068	▼ 8%	0.067	▼ 1%
19/07/2016	Change in substantial holding from PRU	0.080	▲ 8%	0.074	▼ 8%
18/07/2016	Becoming a substantial holder-JP Morgan	0.074	▲ 6%	0.072	▼ 3%
13/07/2016	Change of Director's Interest Notice x 2	0.071	▼ 4%	0.074	▲ 4%
13/07/2016	Appendix 3B and Cleansing Notice	0.071	▼ 4%	0.074	▲ 4%
07/07/2016	Response to ASX Aware Query	0.081	▲ 14%	0.074	▼ 9%

Date	Announcement	Closing Share Price Following Announcement \$ (movement)	Closing Share Price Three Days After Announcement \$ (movement)
06/07/2016	\$11.6M Placement to Accelerate Exploration Program at Giro	0.071 ▲ 11%	0.075 ▲ 6%

On 6 July 2016, the Company announced that it had completed an \$11.6 million placement, through the issue of 215 million shares at 5.4 cents per share. The Company announced that the funds raised would be used to accelerate exploration at its Giro Project. The share price increased 11% on the day of the announcement to close at \$0.071, before increasing a further 6% over the subsequent three days to close at \$0.075.

On 7 July 2016, the Company released a response to an ASX queries regarding its announcement on June 24 2016. The share price increased 14% on the day of the release, to close at \$0.081, before declining 9% over the subsequent three days to close at \$0.074.

On 16 August 2016, the Company announced the results of shallow RC drilling program at Douze Match. The share price decreased 19% on the day of the announcement to close at \$0.058.

On 28 October 2016, the Company released its Quarterly Cash flow and Activities Report. The report highlighted the key activities completed during the quarter including drilling at the Giro Project. The share price decreased 1% on the day of the announcement to close at \$0.074, before decreasing 16% over the subsequent three-day period to close at \$0.062.

On 3 November 2016, the Company announced that it had entered into an agreement with Medidoc, which upon completion would result in Amani acquiring a 60% interest in the Tendao Project. The Tendao Project borders Amani's Giro Project. The share price increased 10% on the day of the announcement to close at \$0.068.

On 9 November 2016, the Company released the results of a gold deportment study. The study was undertaken on oxide and sulphide reverse circulation bulk samples from the Kebigada Shear Zone. The share price increased 10% on the day of the announcement to close at \$0.075, before decreasing 19% over the subsequent three-day period to close at \$0.061.

On 8 December 2016, the Company released the results of infill resource drilling at Kebigada and Douze Match. The share price remained unchanged at \$0.054 on the day of the announcement, before decreasing 17% over the subsequent three-day period to close at \$0.045.

On 29 December 2016, the Company announced that it had changed its name from Burey Gold Limited to Amani Gold Limited (effective 30 December 2016). The share price remained unchanged at \$0.042 on the day of the announcement, before increasing 12% over the subsequent three-day period to close at \$0.047.

On 16 January 2017, the Company released further infill drilling results, and announced that all the drilling for the resource infill program at Kebigada had been completed with further results pending. The share price decreased 4% on the day of the announcement to close at \$0.046, before decreasing a further 11% over the subsequent three-day period to close at \$0.041.

On 9 March 2017, the Company announced further infill drill results from its drilling program at Kebigada. The share price remained unchanged at \$0.025 on the day of the announcement, before increasing 12% over the subsequent three-day period to close at \$0.028.

On 5 April 2017, the Company released results for a further 7 RC drill holes and 6 diamond holes at Kebigada. The share price increased 17.9% on the day of the announcement to close at \$0.033, before increasing a further 9.1% over the subsequent three-day period to close at \$0.036.

On 10 April 2017, the Company released further results from 8 RC holes completed at Kebigada, as part of its drill program. The share price increased 5.9% on the day of the announcement to close at \$0.036, before increasing a further 19.4% over the subsequent three-day period to close at \$0.043.

On 10 May 2017, the Company announced a non-binding Memorandum of Understanding to raise \$25 million through the issue of 500 million shares at \$0.05 per share and with 250 million free attaching options. On the day of the announcement the share price increased 2.6% to close at \$0.040, before decreasing 12.5% over the subsequent three-day period, to close at \$0.035.

On 5 July 2017, the Company announced a Maiden Indicated and Inferred Mineral Resource at Kebigada. The share price decreased by 6.7% on the day of the announcement to close at \$0.042, before declining a further 9.5% over the subsequent three-day period, to close at \$0.038

To provide further analysis of the market prices for an Amani share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 6 July 2017.

Share Price per unit	06-Jul-17	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.039				
Volume weighted average price (VWAP)		\$0.042	\$0.040	\$0.039	\$0.036

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Proposed Transaction to avoid the influence of any increase in price of Amani's shares that has occurred since the Proposed Transaction was announced.

An analysis of the volume of trading in Amani shares for the twelve months to 6 July is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.039	\$0.043	5,573,608	0.36%
10 Days	\$0.034	\$0.047	25,609,087	1.64%
30 Days	\$0.034	\$0.047	42,137,762	2.69%
60 Days	\$0.033	\$0.047	103,207,458	6.59%
90 Days	\$0.024	\$0.047	207,327,663	13.24%
180 Days	\$0.023	\$0.077	418,250,389	26.71%
1 Year	\$0.023	\$0.085	743,251,244	47.46%

Source: Bloomberg, BDO analysis

This table indicates that Amani's shares display a moderate level of liquidity, with 47% of the Company's current issued capital being traded in a twelve-month period. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company’s securities;
- Approximately 1% of a company’s securities are traded on a weekly basis;
- The spread of a company’s shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company’s shares should meet all of the above criteria to be considered ‘liquid and active’, however, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Amani, it appears that there is a liquid and active market for the Company’s shares.

Our assessment is that a range of values for Amani shares based on market pricing, after disregarding post announcement pricing, is between \$0.036 and \$0.042.

### Control Premium

The quoted market price share reflects the value to minority interest shareholders. In order to value an Amani share on a control basis, we have added a control premium that is based on our analysis set out below.

We have reviewed the control premiums paid by acquirers of general mining companies listed on the ASX. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where the acquirer obtained a controlling interest at a discount (i.e. less than 0% premium).

We have summarised our finding below:

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2017	0	-	-
2016	9	46.89	78.44
2015	12	266.71	54.08
2014	13	135.34	43.81
2013	15	54.16	64.64
2012	18	137.40	52.29
2011	18	653.45	48.88
2010	24	803.18	46.75
2009	34	90.77	51.27
	<b>Mean</b>	<b>304.03</b>	<b>53.01</b>
	<b>Median</b>	<b>40.23</b>	<b>43.47</b>

Source: Bloomberg, BDO analysis

The table above indicates that the long term average control premium paid by acquirers of general mining companies on the ASX is approximately 53%. The mean and median figures above are calculated for the entire data set comprising control transactions from 2009 onwards.

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The entire data set metrics table above indicates that the long term average control premium paid by acquirers of companies listed on the ASX is approximately 53% since 2009. However, we noted transactions within the list that appear to be extreme outliers. These outliers include 15 transactions in which the announced control premium was in excess of 100%. When these outliers are removed the average control premium for the entire data set becomes approximately 42%. In a sample where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median control premium over the review period was approximately 43%.

In determining a control premium most appropriate for Amani, we have considered a number of factors which may differentiate Amani from other ASX listed companies considered in our analysis. Particularly, we consider the fact that:

- The Company is in its exploration phase and has a smaller scale of operations than a number of the sample companies determined above. We note that larger companies and transactions tended to have a higher control premium.

As such, a potential acquirer would not be expected to pay a premium for control as high as historical averages.

Based on the above analysis, we consider an appropriate control premium for Amani to be in the range of 25% to 35%.

### Quoted market price including control premium

Applying a control premium to Amani's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	\$0.036	\$0.039	\$0.042
Control premium	25%	30%	35%
<b>Quoted market price valuation including a premium for control</b>	<b>\$0.045</b>	<b>\$0.051</b>	<b>\$0.057</b>

Source: BDO analysis

Therefore, our valuation of an Amani share based on the quoted market price method and including a premium for control is between \$0.045 and \$0.057, with a midpoint value of \$0.051.

### 10.3 Assessment of the value of an Amani share

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
Net assets value (Section 10.1)	\$0.0205	\$0.0238	\$0.0271
ASX market prices (Section 10.2)	\$0.045	\$0.051	\$0.057

Source: BDO analysis

We consider the net asset value to be the most appropriate methodology, given that the core value of the Company lies in the exploration assets that it holds. We have instructed an independent specialist to value Amani's mineral assets in accordance with the VALMIN code, which we have included in our net asset value. The net asset value also best represents the value that is attributable to shareholders as a whole.

We note that our NAV value is lower than the value obtained using the QMP methodology. We attribute this difference in value derived under the two methods to the following:

- The NAV value is lower than the QMP value, which often occurs for companies focused on exploration which regularly trade at a premium to their net asset value. The reason for this is that mining exploration companies generally anticipate a potential upside of 'blue-sky' prospects for the company and its exploration assets, which is factored into the share price often before any such value is warranted by public announcements.
- Under RG 111.69(d), the QMP methodology is considered appropriate where a liquid and active market exists. Our QMP analysis of Amani shares in section 10.2 suggests that there is not a deep market for the Company's shares with fewer than 1% per week on average of its current issued capital being traded in the 12 months prior to the announcement of the Proposed Transaction. This volatility in trading and lack of a deep market suggests that the QMP method may not give the most accurate indication of value, which explains some of the difference between the net assets based and ASX market prices based values;
- Our net assets value includes an independent technical report on Amani's mineral assets performed by SRK which utilises a combination of valuation methods reflecting the market of Amani's mineral assets; and
- We note that the independent technical valuation of Amani's mineral assets produces a preferred value which is below the carrying value of exploration and evaluation expenditure (\$21.411 million compared to \$24.788 million), although the carrying value is within SRK's valuation range.

Based on the results above we consider the value of an Amani share to be in the range from \$0.0205 to \$0.0271, with a preferred value of \$0.0238.



### Diluted value

On the basis of the exercise price of the unlisted options - the lowest being 3 cents - none of the options are 'in the money' at our assessed valuation range of 2.1 cents to 2.7 cents, so we have not assessed a diluted value.

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## 11. Valuation of Amani following the Proposed Transaction

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale.

### 11.1 Value of an Amani share following the Proposed Transaction

The value of an Amani share following the Proposed Transaction is reflected in the valuation below:

NAV following the Proposed Transaction	Ref	Low value A\$	Preferred value A\$	High value A\$
NAV of Amani prior to the Proposed Transaction	10.1	32,109,655	37,297,655	42,486,655
Cash raised in the Proposed Transaction	11.2	9,925,000	9,925,000	9,925,000
<b>Value of Amani post the Proposed Transaction</b>		<b>42,034,655</b>	<b>47,222,655</b>	<b>52,411,655</b>
Discount for minority interest	11.3	25.93%	23.08%	20.00%
<b>Value of Amani post the Proposed Transaction (minority interest basis)</b>		<b>31,136,781</b>	<b>36,325,119</b>	<b>41,929,324</b>
Number of shares on issue post the Proposed Transaction	11.4	1,766,163,747	1,766,163,747	1,766,163,747
Value per share (\$)		\$0.0176	\$0.0206	\$0.0237
Value per share (cents)		1.76 cents	2.06 cents	2.37 cents

Source: BDO analysis

In the following paragraphs we set out the components of value in the table above.

### 11.2 Cash raised in the Proposed Transaction

The Proposed Transaction will raise \$10 million. We have increased the cash balance to reflect the funds raised less estimated transaction costs of \$75,000.

### 11.3 Application of minority discount

As outlined in section 3.3 of our Report, in assessing fairness we have compared the value of an Amani share prior to the Proposed Transaction on a control basis to the value of an Amani share following the Proposed Transaction on a minority interest basis.

A minority interest discount is the inverse of a premium for control and is calculated using the formula  $1 - (1 \div (1 + \text{control premium}))$ . As discussed in section 10.2, we consider an appropriate control premium for Amani to be in the range of 25% to 35%, giving a minority interest discount in the range of 20.00% to 25.93%.

### 11.4 Shares on issue post completion of the Proposed Transaction

We have valued the Company post completion of the Proposed Transaction. The 200 million shares to be issued in the Proposed Transaction will increase the number of Amani shares on issue to 1,766,163,747.

A summary of the share movements is detailed below:

	Shares
Current number of shares	1,566,163,747
Shares to be issued in the Proposed Transaction	200,000,000
<b>Total shares on issue following the Proposed Transaction</b>	<b>1,766,163,747</b>

Source: BDO analysis

## 11.5 Fully diluted basis

We have also addressed the valuation on the basis that Luck Winner choose to exercise all the options issued as part of the proposed transaction (250 million options exercised at 7 cents each). Our assessment of value is set out in the table below.

	Ref	Low value A\$	Preferred value A\$	High value A\$
NAV following the Proposed Transaction				
NAV of Amani prior to the Proposed Transaction	10.1	32,109,655	37,297,655	42,486,655
Cash raised in the Proposed Transaction	11.2	9,925,000	9,925,000	9,925,000
<b>Value of Amani post the Proposed Transaction</b>		<b>42,034,655</b>	<b>47,222,655</b>	<b>52,411,655</b>
Cash raised from exercise of options		17,500,000	17,500,000	17,500,000
<b>Value of Amani post the Proposed Transaction</b>		<b>59,534,655</b>	<b>64,722,655</b>	<b>69,911,655</b>
Discount for minority interest	11.3	25.93%	23.08%	20.00%
<b>Value of Amani post the Proposed Transaction (minority interest basis)</b>		<b>44,099,744</b>	<b>49,786,658</b>	<b>55,929,324</b>
Number of shares on issue post the Proposed Transaction	11.4	1,766,163,747	1,766,163,747	1,766,163,747
Shares issued on conversion of options		250,000,000	250,000,000	250,000,000
Total shares on issue after conversion of options		2,016,163,747	2,016,163,747	2,016,163,747
<b>Value per share (\$)</b>		<b>\$0.0219</b>	<b>\$0.0247</b>	<b>\$0.0277</b>
<b>Value per share (cents)</b>		<b>2.19 cents</b>	<b>2.47 cents</b>	<b>2.77 cents</b>

We note that the fully diluted basis is a hypothetical exercise only in relation to value. We have assumed for the above calculation that the options would be converted even though the underlying value of an Amani share (being in the range from 2.38 cents to 2.97 cents - as per table in section 11.1 above, before minority interest discount) is below the conversion price of 7 cents per share.

## 12. Is the Proposed Transaction fair?

The value of an Amani share prior to and following the Proposed Transaction is compared below:

	Ref	Low	Preferred	High
Value of Amani share prior to the Proposed Transaction	10.3	\$0.0205	\$0.0238	\$0.0271
Value of Amani share following the Proposed Transaction	11.1	\$0.0176	\$0.0206	\$0.0237

We note from the table above that our assessed value of an Amani share following the Proposed Transaction is lower than the value of an Amani share prior to the Proposed Transaction. Therefore, we consider that the Proposed Transaction is not fair.

We further note that the shares to be issued are at 5 cents per share compared to the assessed value prior to the Proposed Transaction in the range which is from 2.05 cents per share to 2.71 cents per share suggesting that the value per share should increase following the Proposed Transaction. The difference arises because we are guided by RG111 paragraph 111.31 to deduct a minority interest discount from the value following the Proposed Transaction in recognition that Luck Winner is gaining control of Amani. As such this indicates that Luck Winner is not paying a premium to gain a controlling interest in Amani.

## 13. Is the Proposed Transaction reasonable?

### 13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Amani a premium over the value ascribed to, resulting from the Proposed Transaction.

As stated in the Notice of Meeting, in March/ April 2017 the then Board of Amani assessed the Company's capital needs then canvassed a number of strategic parties, including the largest Shareholders, for their interest in participating in or supporting an equity capital raising. Amani states that all indications were that an equity raising would only be supported at significantly lower levels than the \$0.05 issue price per Share eventually negotiated with Luck Winner and that the overall quantum of funds likely to be available, at the lower price per share, appeared to be significantly less than the \$25 million eventually agreed with Luck Winner.

### 13.2 Practical Level of Control

If the Proposed Transaction is approved then Luck Winner will potentially hold an interest of approximately 28.31% in Amani, and up to 37.20% on exercise of all the options to be issued as part of Stage Two of the Proposed Transaction.

In addition to this, the Amani Board now has three Board members nominated by Luck Winner.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Proposed Transaction is approved then Luck Winner and its associates will be able to block special resolutions.

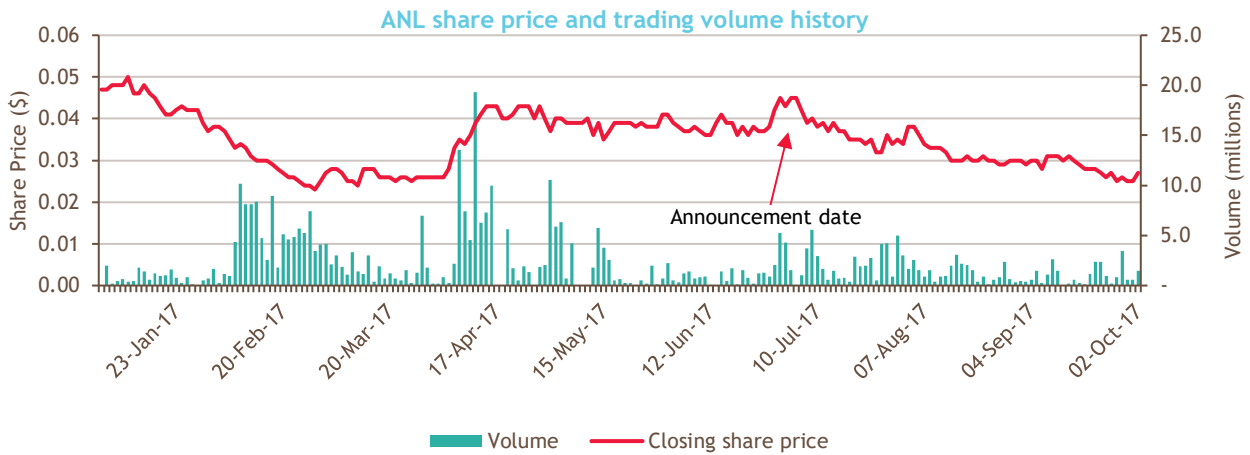
Three nominees of Luck Winner were appointed as directors of Amani on 11 July 2017 - Mr Qiuming Yu, Mr Sheng Fu and Mr Sik Lap Chan. Together, the directors nominated by Luck Winner make up 50% of the Board.

Luck Winner's control of Amani following the completion of the Proposed Transaction will be significant when compared to all other shareholders. If the Proposed Transaction is approved, Luck Winner will hold 28.31% of the issued capital of Amani. Therefore, in our opinion, Luck Winner will be able to significantly influence the activities of Amani.

### 13.3 Consequences of not Approving the Proposed Transaction

#### Consequences

We have analysed movements in Amani's share price since the Transaction was announced to see whether a decline in share price is indicated. A graph of Amani's share price since the announcement is set out below.



Source: Bloomberg

The announcement of the transaction was made to the market on 7 July 2017. On that day, the Amani share price closed up from \$0.039 to \$0.040, with 2,959,004 shares traded. Since the announcement the Amani share price has trended downwards, with the highest price being \$0.039 on 11 July 2017 and 13 July 2017 and the lowest price being \$0.025 on 29 September 2017. From announcement date to 2 October 2017, the average Amani share price has been \$0.032 and 85,465,201 shares have been traded.

Given the above analysis if the Proposed Transaction is not approved then Amani’s share price is unlikely to decline.

### 13.4 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
The post Proposed Transaction share value is higher than the pre Proposed Transaction share value on a minority versus minority basis	On a like for like basis the value of an Amani share on a minority basis prior to the Proposed Transaction is lower than the value of an Amani share on a minority basis following the Proposed Transaction.
Funds raised would assist in progressing the Giro Gold Project	The funds received from Luck Winner would enable Amani to continue to advance the exploration for the Giro Gold Project.
Cash received as a part of the Proposed Transaction reduces the risk of holding shares in Amani and also strengthens the balance sheet	The cash received through the Proposed Transaction reduces the risks that Shareholders bear from continuing to hold Amani shares. These risks include, but are not limited to, the following: <ul style="list-style-type: none"> <li>future development of projects into cash generating assets;</li> </ul>

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Advantage	Description
	<ul style="list-style-type: none"> <li>deterioration in market conditions; and</li> <li>future funding.</li> </ul> <p>Additionally, the cash received will strengthen the balance sheet of Amani and allow it to attract other debt or equity funding in the future.</p>
Amani shareholders will still have a majority interest in the Company and can benefit from the potential upside arising out of the Giro Gold Project	The interest of existing shareholders in Amani would be diluted on the issue of shares to Luck Winner, but they would retain a significant interest in Amani and could benefit from the potential upside of the Giro Gold Project.
Brings significant relevant mining expertise and experience to the Board of Amani	The directors nominated by Luck Winner appear to possess significant relevant mining expertise and experience which should strengthen the board of Amani as it progresses the Giro Gold Project.
Funds raised at premium to prevailing market price	The capital raised is at 5 cents per share which is in excess of the current market price on the ASX. Over the 60 days prior to the announcement on 7 July 2017 the VWAP for Amani's shares was 3.6 cents per share (refer section 10.2). Since the announcement Amani's share price has been below 4 cents per share (refer section 13.3).
Scope to pursue activities	The funds raised in the Proposed Transaction, while aimed at progressing the Giro Gold Project will also allow Amani some flexibility to pursue other activities as set out in the Notice of Meeting.
Break fee of \$250,000 not incurred	Amani will be obliged to pay a break fee of \$250,000 if the shareholder approval condition, a condition precedent of the Proposed Transaction is not satisfied.
Reduces the possibility of future capital raisings being at a lower price per share	If the Proposed Transaction is approved it will reduce the possibility of Amani having to pursue future capital raisings at a lower price per shares which would further dilute the existing shareholders' interests for the same amount of funds raised.

### 13.5 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
The Proposed Transaction is not fair	The Proposed Transaction is not fair for Shareholders as the value of an Amani share following the Proposed Transaction on a minority interest basis is lower than the value of an Amani share prior to the Proposed Transaction on a controlling basis.
Dilution of current shareholdings	The Proposed Transaction will result in the issue of shares to Luck Winner, which will have a dilutive effect on the current holdings of shareholders.
Disincentive for another investor to engage in a corporate transaction which might yield a takeover premium for investors	The presence of Luck Winner on the share register and on the Board of directors might dissuade another potential investor from entering into a transaction in relation to Amani and such a transaction might potentially have offered shareholders a takeover premium.
Significant influence by Luck Winner	If the Proposed Transaction proceeds, Luck Winner and associates will hold 28.31% of the issued capital of the Company, with Luck Winner holding 37.20% on a fully diluted basis. Accordingly Luck Winner would be able to significantly influence the operations of Amani.

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## 14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is not fair but reasonable to the Shareholders of Amani.

In our opinion, the Proposed Transaction is not fair because the value of an Amani share following the Proposed Transaction on a minority basis is lower than the value of an Amani share prior to the Proposed Transaction on a control basis. However, we consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages. In particular, on a consistent minority interest basis the value following the Proposed Transaction is higher than the value prior to the Proposed Transaction.

The funds raised in the Proposed Transaction will allow Amani to progress the development of its key Giro Gold Project.

## 15. Sources of information

This report has been based on the following information:

- Draft Notice of Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Amani Gold Limited for the years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- Independent Valuation Report of Amani's mineral assets dated 25 August 2017 performed by SRK;
- Binding Subscription Agreement;
- Share registry information;
- Information in the public domain including:
  - ASX announcements made by Amani;
  - RBA Statistical Tables;
  - RBA Publications (statements by Phillip Lowe);
  - World Bank and African Development Bank Group publications;
  - World Gold Council publications;
  - United States Geological Survey;
  - IBISWorld publications; and
- Discussions with Directors and Management of Amani.

## 16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$25,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Amani Gold Limited in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Amani Gold Limited, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Amani Gold Limited and Luck Winner Investment Limited and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Amani Gold Limited and Luck Winner Investment Limited and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Amani Gold Limited.

A draft of this report was provided to Amani Gold Limited and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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## 17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 19 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has

considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 18. Disclaimers and consents

This report has been prepared at the request of the directors of Amani Gold Limited for inclusion in the Notice of Meeting and Explanatory Memorandum which will be sent to all Amani Shareholders. Amani engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal to raise \$25 million through the issue of shares to Luck Winner Investment Limited.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting and Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting and Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Luck Winner Investment Limited. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Amani Gold Limited, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon an independent valuation for mineral assets held by Amani Gold Limited.

The valuer engaged for the mineral asset valuation, SRK Consulting (Australasia) Pty Ltd, possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report as Appendix 3.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting.



Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**

**Sherif Andrawes**  
Director

**Adam Myers**  
Director

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## Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
Amani	Amani Gold Limited
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Amani Gold Limited
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
DRC	Democratic Republic of Congo
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
Luck Winner	Luck Winner Investment Limited
Medidoc	Private company Medidoc FZE, from which Amani is acquiring a 60% interest in the Tendao Project
NAV	Net Asset Value
Proposed Transaction	The proposal to raise \$25 million through the issue of Amani shares to Luck Winner
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO dated 11 October 2017
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)

Reference	Definition
Section 611	Section 611 of the Corporations Act
Shareholders	Shareholders of Amani Gold Limited not associated with Luck Winner Investment Limited
SRK	SRK Consulting (Australasia) Pty Ltd
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Tendao Project	The Tendao Gold Project, which adjoins the Giro Project in DRC
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

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The Directors  
 BDO Corporate Finance (WA) Pty Ltd  
 38 Station Street  
 SUBIACO, WA 6008  
 Australia

## Appendix 2 - Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

### 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4 Discounted future cash flows ('DCF')**

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

#### **5 Market Based Assessment**

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

## Appendix 3 - Independent Valuation Report by SRK

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# Independent Technical Assessment and Valuation of Amani Gold Limited's Giro Gold Project

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**SRK Project Number BDO007**

**October 2017**

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## Executive Summary

Amani Gold Limited (Amani) (ASX: ANL) is proposing to raise \$25 million Australian dollars (A\$) via a capital raising transaction with a Hong Kong based company, Luck Winner Investment Limited (LWI).

Amani has engaged BDO Corporate Finance (WA) Pty Ltd (BDO) to prepare an Independent Expert's Report (IER) to support the proposed transaction. BDO has subsequently commissioned SRK Consulting (Australasia) Pty Ltd (SRK) to provide an Independent Specialist's Report incorporating a technical assessment and valuation of Amani's mineral assets.

This Independent Specialist's Report is to be included in BDO's IER, which will provide an opinion on the fairness and reasonableness of the proposed transaction.

### Summary of principal objectives

The objective of this Report is to provide an independent assessment of the market value of Amani's Giro gold project, including its stated Mineral Resources and exploration potential.

This Report has been prepared in accordance with the "Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets" - VALMIN Code (2015) which incorporates the "Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves" - JORC Code (2012).

### Outline of work program

The following aspects were considered in the preparation of this Report:

- Full access to key Amani personnel for discussion and enquiry
- A high-level review of the stated Mineral Resource estimates and the methodologies applied; this does not include any re-estimation of the stated Mineral Resources
- A review of the technical areas of Geology, Mineral Resources, Metallurgy, project risks and opportunities
- A review of technical reports and supporting documentation prepared by and/or on behalf of the parties (i.e. Amani or LWI)
- Compilation of comparable transactions
- Valuation of Mineral Resources and exploration potential
- Report preparation.

### Overview

For the purposes of this Report, SRK has completed a high-level review of Amani's stated Mineral Resource estimate for the Kebigada prospect and the exploration potential of the remaining Giro Project for determining their validity from a valuation perspective. SRK has not performed, nor does it accept the responsibilities of a Competent Person as defined by the JORC Code (2012) in respect of the Mineral Resource estimates presented in this Report.

Overall, SRK concludes that the Mineral Resources reported may locally and thus globally overstate the contained metal due to grade smearing, particularly in the Inferred material. SRK recommends that a global adjustment within the range of -5% to -20% be applied to the Inferred material for valuation purposes.

When valuing Amani's exploration and development assets, SRK has considered methods commonly used to value mineral assets at these stages of development. These methods are outlined in this Report.

All monetary figures used in this report are expressed in either United States (US\$) or Australian dollar (A\$) terms. This report has adopted an effective valuation date of 25 August 2017.

SRK's recommended valuation ranges and preferred values are detailed in the Valuation section (Section 5) of this report and are summarised in Table ES-1. SRK has produced a Market Value as defined by the VALMIN Code (2015).

SRK's preferred values are positioned conservatively, due to the level of study completed so far, in combination with geo-political risk factors. SRK has adopted this position due to varying levels of technical and geological uncertainty, including but not limited to the potential overstatement of the contained metal due to grade smearing during the resource estimation process. SRK acknowledges that these issues will likely be addressed as further drilling and feasibility studies are completed.

**Table ES-1: Summary of SRK's Valuation of Amani's assets as of 25 August 2017**

Value Centre	Low	High	Preferred
Kebigada Mineral Resource	US\$19,745,000	US\$33,954,000	US\$26,849,000
Giro Project Exploration Potential	US\$3,466,000	US\$4,104,000	US\$3,785,000
<b>Total (100 percent basis)</b>	US\$23,211,000	US\$38,058,000	US\$30,635,000
<b>Total (attributable to Amani)</b>	US\$12,824,000	US\$21,027,000	US\$16,926,000
<b>Total (attributable to Amani, in A\$*)</b>	<b>A\$16,223,000</b>	<b>A\$26,600,000</b>	<b>A\$21,411,000</b>

Note:

\*Based on a US\$/A\$ exchange rate of 0.7905.

Any discrepancies between values presented in the table are due to rounding.

**SRK's value opinion is conditional on Amani securing a further extension amendment to the Association Agreement with its JV partner, Sokimo (Société Minière de Kilo-Moto, a DRC state-owned mining company). Until this amendment is extended, there is a substantial risk to the security of the Giro Gold Project tenure. Should Amani not succeed in obtaining this amendment, Amani's attributable interest in the Giro Gold project would be reduced to zero.**

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## Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Amani Gold Ltd (Amani). The opinions in this Report are provided in response to a specific request from BDO Corporate Finance (WA) Pty Ltd to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

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## List of Abbreviations

Abbreviation	Meaning
A\$	Australia dollar
AA	atomic absorption
AIG	Australian Institute of Geoscientists
Amani	Amani Gold Limited
ASL	Above sea level
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
BDO	BDO Corporate Finance (WA) Pty Ltd
BIF	banded iron formation
CRM	Certified Reference Material
CV	coefficient of variation
DCF	discounted cash flow
DD	diamond drilling
DRC	Democratic Republic of Congo
g/t	grams per tonne
GFC	Global Financial Crisis
GSSA	Geological Society of South Africa
IER	Independent Expert's Report
IER	Independent Expert's Report
IP	induced polarisation
IVSC	International Valuation Standards Committee
JORC Code	Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code 2012 edition
JV	joint venture
LBMA	London Bullion Market Association
LWI	Luck Winner Investment Limited
MEE	Multiples of Exploration Expenditure
Moz	million ounces
Mt	million tonnes
OECD	Organisation for Economic Co-operation and Development
oz	ounces
QAQC	quality assurance and quality control
RBA	Reserve Bank of Australia
RC	reverse circulation
SANAS	South African National Accreditation Service
SNL	A global Intelligence database platform. <a href="https://marketintelligence.spglobal.com/">https://marketintelligence.spglobal.com/</a>
Sokimo	Société Minière de Kilo-Moto SA
SRK	SRK Consulting (Australasia) Pty Ltd
t/m <sup>3</sup>	tonnes per cubic metre
US\$	United States dollar
VALMIN	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015 – The VALMIN Code 2015 edition

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# 1 Introduction

BDO Corporate Finance (WA) Pty Ltd (BDO) has been engaged by Amani Gold Limited (Amani) to prepare an Independent Expert's Report (IER) in relation to a proposed transaction under which Amani aims to raise A\$25 million by issuing shares to Hong Kong based company Luck Winner Investment Limited (LWI), with the transaction to be completed in two stages (Amani, 2017). The funds raised will support further drilling and metallurgical test work required for pre-feasibility and feasibility studies.

In order to complete the IER, BDO has requested SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist's Report incorporating an independent technical assessment and valuation of Amani's Giro gold project, located in the Democratic Republic of Congo (DRC). SRK understands this Report will be included as an appendix to BDO's IER.

As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

For this valuation, all projects were classified according to the development stage categories (VALMIN Code (2015)):

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study.
- **Production Projects** – Tenure holdings - particularly mines, wellfields and processing plants that have been commissioned and are in production.

The valuation is current as at 25 August 2017 and the monetary amounts are expressed in United States dollars (US\$), and Australian dollars (A\$) and as specified throughout the Report. The final valuation is expressed in US\$ terms.

## 2 Background and Brief

### 2.1 Background of the project

This Independent Technical Assessment and Valuation was initiated by Mr Sherif Andrawes, Partner, Corporate Finance and National Practice Leader – Natural Resources of BDO on 31 July 2017.

### 2.2 Nature of the brief

SRK was engaged to provide an independent opinion on the market value of Amani's mineral assets, namely the Giro Gold Project, to facilitate a fairness and reasonableness opinion by BDO to Amani's existing shareholders.

### 2.3 Program objectives

The objective of this Report is to provide an independent assessment of the techno-economic assumptions and associated independent valuation relating to the Giro Gold Project and associated tenure held by Amani.

This Specialist's Report and associated valuation has been prepared by SRK under instructions from BDO. It complies with the technical property information required under various securities laws of Australia.

As per the VALMIN Code (2015), a first draft of the Report was supplied to BDO and Amani for verification in relation to material error, factual accuracy and omissions before the final report was issued. The Final Report was issued following review of any client comments by the project team.

SRK has selected the most appropriate valuation technique for the assets, based on the development stage of the Project and the amount of available information. This Specialist's Report expresses an opinion regarding the value of the mineral assets held by Amani as directed in SRK's mandate from BDO. This Report does not comment on the 'fairness and reasonableness' of any transaction between the Project's owners and any other parties.

### 2.4 Reporting standard

This Specialist's Report has been prepared to the standard of, and is considered by SRK to be a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). It should be noted that the authors of this Report are Members of either the Australasian Institute of Mining and Metallurgy (AusIMM), the Geological Society of South Africa (GSSA) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC Codes. For the avoidance of doubt, this Report has been prepared according to:

- The 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Where SRK has relied on Mineral Resource or Ore Reserve estimates for its valuation, SRK has quoted the Competent Person for these estimates as reported in publicly available documentation.

For the purposes of this Report, value is defined as 'market value' being the amount of money (or the cash equivalent of some other consideration) for which a mineral asset should change hands on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction. This would occur after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion.

## 2.5 Work program

The scope of work commenced in August 2017. It included a review of existing remote electronic company data, other SRK sourced literature based information, company websites, and the utilisation of subscription databases such as SNL Financial database services. SRK consultants worked through the relevant databases, compiled the report, and completed research on comparable market transactions to assist with the valuation.

SRK notes that the VALMIN Code (2015) recommends that a site inspection be completed should it be 'likely to reveal information or data that is material to the report'.

Section 11.1 of the VALMIN Code (2015) requires a site inspection to be conducted where such a visit is likely to reveal information or data that is material to a public report. Following careful consideration of the available information, SRK concluded that a site visit would be required to ensure that the nature and extent of mineralisation is validated in the context of current or potential project risks. A site inspection was conducted between 18 August 2017 and 23 August 2017.

SRK carried out the following work program:

- Review awarded 13 July 2017
- Submission of first draft 28 August 2017
- Submission of final draft 29 September 2017
- Submission of final report 5 October 2017.

### 2.5.1 Legal matters

SRK has not been engaged to comment on any legal matters.

SRK notes that it is not qualified to make legal representations in regards to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

SRK has relied upon the independent Legal Opinion of Tshibangu Ilunga & Partners dated 18 August 2017 with regards to the validity of the Giro project tenure.

A copy of this legal opinion is attached as an appendix to this Report.

SRK has relied on the accuracy and completeness of the technical documentation supplied to it by Amani. SRK has made all reasonable enquiries.

## 2.6 Key sources of data

Data and information on the assets used to prepare this Report are referenced throughout the Report.

## 2.7 Effective date

The effective date of this Independent Specialist's Report is 28 August 2017. The valuation is current as at 28 August 2017.

## 2.8 Project team

This report has been prepared based on a technical review by a team of consultants sourced from SRK's offices in Australia and Johannesburg.

Details of the qualifications and experience of the consultants who have carried out the work in this report, who have extensive experience in the mining industry, and are members in good standing of appropriate professional institutions, are set out below:

- Craig Moulton, Principal Consultant (Project Evaluation), BSc (Hons), MAusIMM, MSEG – Project management, Valuation and report compilation
- David Slater, Principal Consultant (Resource Evaluation), DipEd, BAppSci (Geology), MAusIMM (CP), MAIG – Geology, Mineral Resources and Reporting
- Hennie Theart PhD, Corporate Consultant and Partner, Pr. Sci. Nat, FGSSA, FSEG, FAAG – Site Geology, Mineral Resources and Reporting
- Mathew Davies, Senior Consultant (Geology), BSc (Hons), MAusIMM – Market Transactions and Valuation
- Jeames McKibben, Principal Consultant (Project Evaluation), BSc (Hons), MBA, MAusIMM (CP), MAIG, MRICS – Peer review.

## 2.9 Limitations, Reliance on Information, Declaration and Consent

### 2.9.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by Amani throughout the course of SRK's investigations as described in this report, which in turn reflect various technical and economic conditions at the time of writing. Such technical information as provided by Amani was taken in good faith by SRK. SRK has reviewed the stated Mineral Resources but not independently verified the Mineral Resources by means of recalculation.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages, and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

As far as SRK have been able to ascertain, the information provided by Amani was complete and not incorrect, misleading, or irrelevant in any material aspect.

Amani has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Amani was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

### 2.9.2 Statement of SRK independence

Neither SRK nor any of the authors of this report have any material present or contingent interest in the outcome of this report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK and the authors of this report have no prior association with Amani in regard to the mineral assets that are the subject of this report. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of travel and other incidental expenses. The payment of that professional fee is not contingent upon the outcome of this report.

### **2.9.3 Indemnities**

As recommended by the VALMIN Code (2015), Amani has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by either Amani or by Amani not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

### **2.9.4 Consent**

SRK consents to this report being included, in full, in BDO's documents in the form and context in which the technical assessment is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this report are considered with, and not independently of, the information set out in the complete report.

### **2.9.5 Consulting fees**

SRK's estimated fee for completing this report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets, and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$38,000. The payment of this professional fee is not contingent upon the outcome of the Report.

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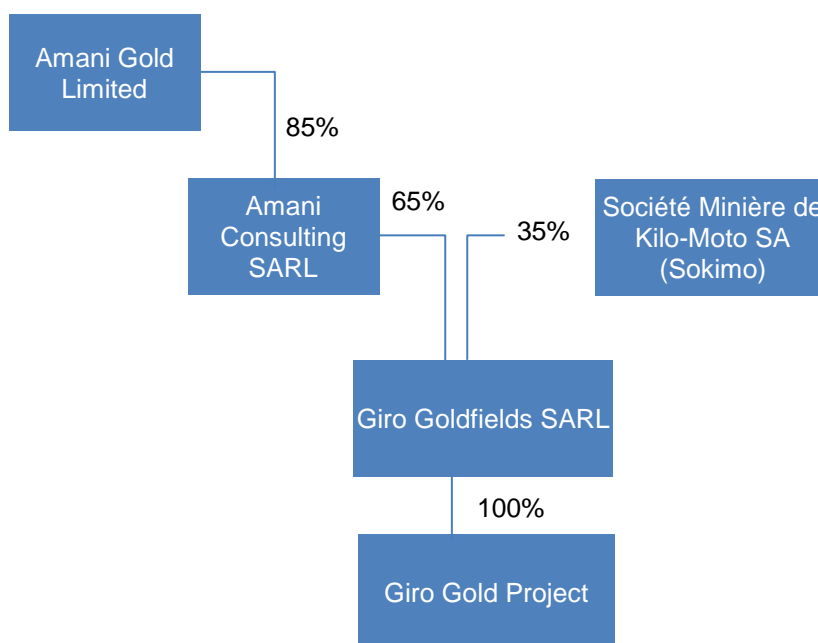
## 3 Amani Gold Limited

### 3.1 Background

Amani Gold Limited (Amani) is an Australian Securities Exchange (ASX) listed (Ticker code: ANL) exploration company, with its corporate headquarters located in Perth, Western Australia. It was formerly known as Burey Gold Limited (Ticker code: BYR), changing its name on the 30 December, 2016.

Amani holds a 55.25% interest in the Giro gold project, located in the northeast quadrant of the Democratic Republic of Congo (DRC). The Giro project is legally and beneficially owned by Giro Goldfields SARL, a private limited liability company registered in the DRC. Giro Goldfields SARL is in turn owned 65% by Amani Consulting SARL and 35% by the DRC State owned entity, Société Minière de Kilo-Moto SA (Sokimo). Amani holds an 85% interest in Amani Consulting SARL, which is also a DRC registered company.

The corporate structure is shown diagrammatically in Figure 3-1.



**Figure 3-1: Giro Project - Corporate structure**

Amani holds a first right of refusal on the remaining 15% interest in Amani Consulting SARL, which equates to a 9.75% incremental interest in the Giro project area.

While the Giro gold project consists of a number of prospects, it is currently the sole project owned by Amani, which is predominantly focused on gold exploration within the Kebigada Shear Zone. This area is a significant regional structure within the Kilo-Moto Greenstone Belt, in north eastern Democratic Republic of Congo.

The name Giro has been used interchangeably by Amani/ Burey over time to mean both the project (including all prospects) and as a name for what is now referred to as the Kebigada prospect. For the sake of clarity, the following nomenclature will be used in this Report:

- **Giro Project** – referring to the greater project over both tenements and including all prospects.
- **Kebigada Prospect** – referring to the primary project for which a Mineral Resource has been defined, and located near the town of Giro as described below.

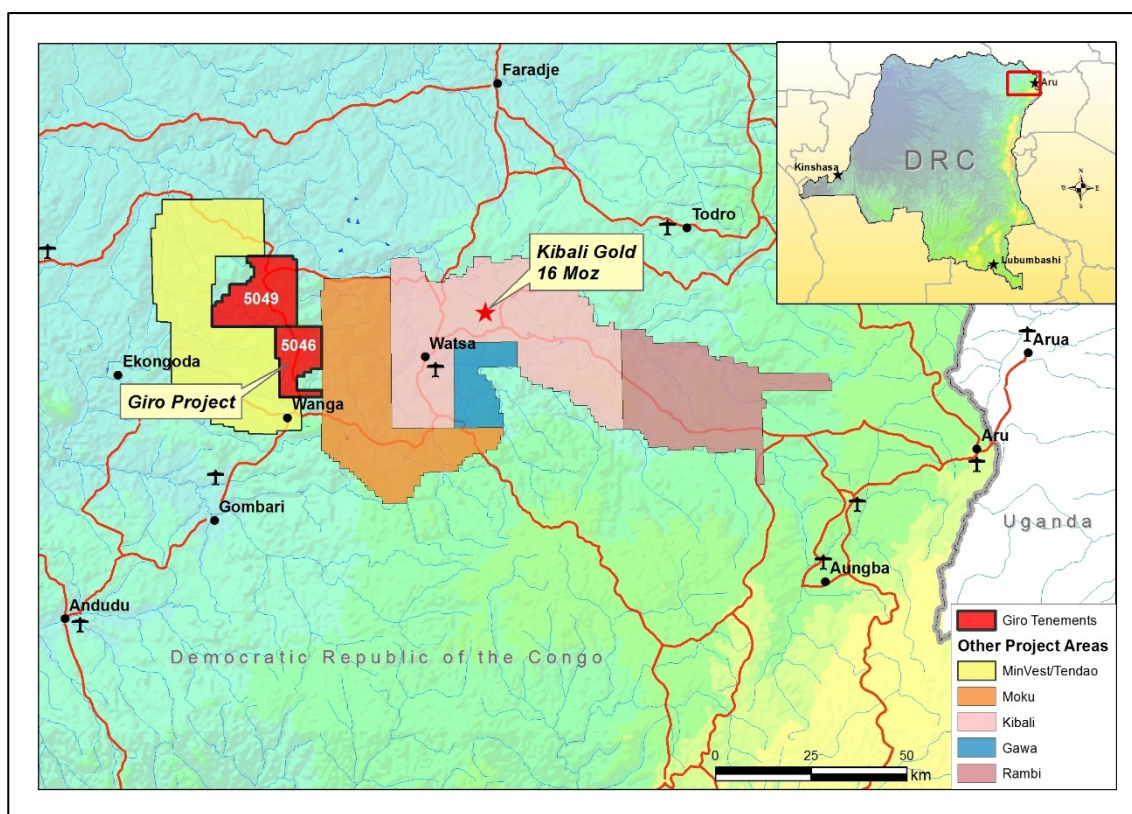
## 3.2 Giro Project

### 3.2.1 Location and Infrastructure

The Giro project, lies in proximity to the town of Giro, some 1,750 km northeast of the DRC national capital, Kinshasa, and 170 km west of the Ugandan border in the Haut-Uele Province in northeastern DRC (Figure 3-2). The project is situated in relative proximity to Randgold Resources Limited's Kibali 20 million ounce (Moz) gold mining and processing operations, approximately 40 km to the east of the project site.

The capital of the Haut-Uele Province is the town of Isiro, which lies approximately 235 km west of the project by road, and has a population of 182,900 (2012) (Maps 2017). Isiro is serviced by the Matri Airport. Unsealed roads provide commercial trade with Uganda and South Sudan, with a narrow-gauge rail line to the port of Bumba on the Congo River not currently in operation.

The Haut-Uele Province, was previously part of the Orientale Province before it was divided into five provincettes in 2015, and derives its name from the French for "Upper Uele", referring to the Uele River.



**Figure 3-2: Location of Giro Project**

Source: Amani

### 3.2.2 Climate, physiography and local resources

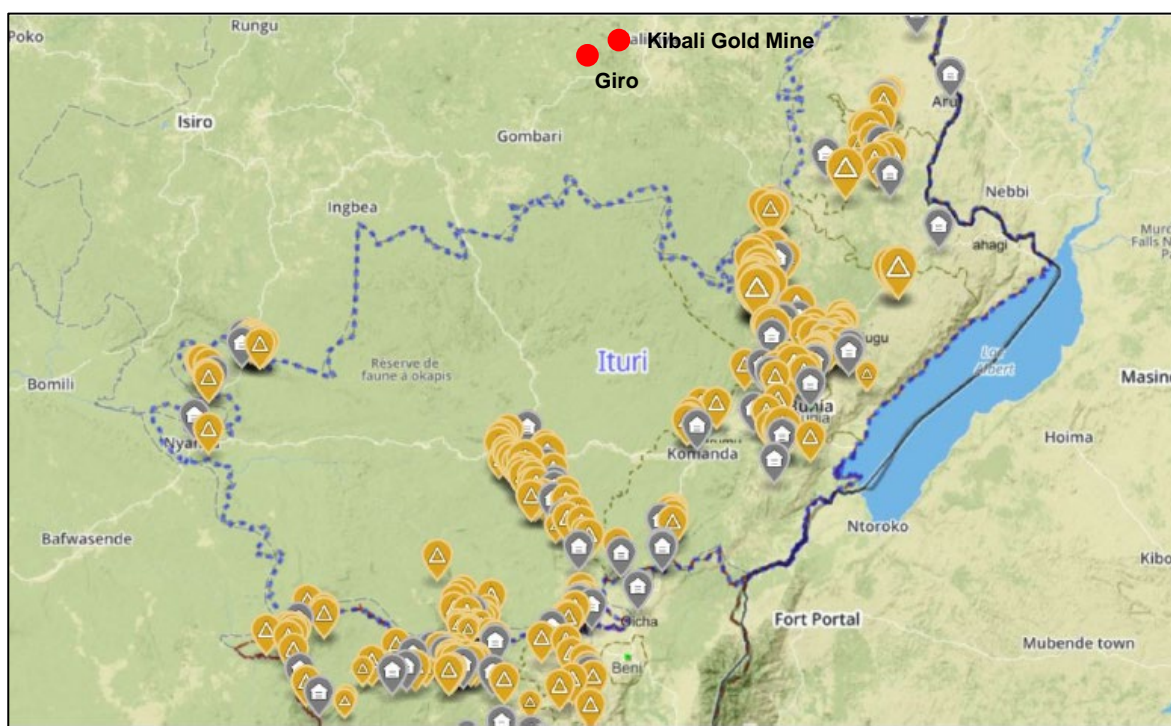
The surrounding region to the project is characterised by a tropical or equatorial climate.

Climate data for Isiro (the nearest reported weather station) reports an average monthly temperature range of between about 25°C and 35°C, with maximum temperatures averaging between 35°C and 39°C in February/ March and minimum temperatures of between 22°C to 25°C in September/ October. Monthly rainfall averages between approximately 25 mm to 50 mm in the dry season and 200 mm to 400 mm in the wet season, resulting in an annual rainfall around 2,000 mm.

The Project is located between equatorial forest and the savannah, and generally consists of both dry areas and swamp, with agricultural areas and cultivated fields derived from rainforest. The average altitude of the project is between 370 m and 430 m ASL.

The surrounding area to the project is serviced by unsealed roads and tracks, with the combination of poor road conditions and high annual rainfall leaving many areas inaccessible during the wet season.

The official commercial activity in the surrounding area is coffee production, with the area also recognised as a major centre for gold mining, with artisanal gold mining of alluvial deposits occurring for centuries. A 2013 Organisation for Economic Co-operation and Development (OECD) report estimates that over 42,000 workers were engaged in artisanal mining, with the main areas of activity shown in Figure 3-3 (Gregory Mthembu-Salter 2015).



**Figure 3-3: Artisanal mining in the Orientale Province**

Source: Mthembu-Salter, 2015

### 3.2.3 Ownership

The Project Tenure is held in the name of Giro Goldfields SARL, a Congolese limited liability company formed on 3 January 2012 and held by SOKIMO and Amani Consulting SARL.

On the ratification of the JV agreement extension amendment (see discussion below), Amani will have a 55.25% beneficial interest in the two tenements held by Giro Goldfields SARL. This company is in effect an incorporated joint venture (JV) between Amani Consulting SARL and Sokimo. The JV is governed by an Association Agreement.

Tshibangu Ilunga & Partners advise that as a condition of the Association Agreement, Amani Consulting SARL must provide a feasibility study for the project within the specified time. This is discussed further below.

### 3.2.4 Tenure

SRK has relied upon the independent legal opinion of Tshibangu Ilunga & Partners dated 18 August 2017, in regards to the validity of Giro Goldfields SARL's licences. SRK makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.

As shown in Table 3-1, the Giro gold project tenure consists of two Exploitation Permits (PE 5046 and PE5049), with a combined total area of 497.06 km<sup>2</sup>.

**Table 3-1: Giro Project tenure**

Tenements	Holder	Area	Granted	Expiry
PE 5046 - exploitation Certificate CAMI/CE.4653/2008	Giro Goldfields SARL 100%	181.95km <sup>2</sup>	22 May 2008*	11 May 2029
PE 5049 - Exploitation Certificate CAMI/CE.4653/2008	Giro Goldfields SARL 100%	315.11km <sup>2</sup>	22 May 2008*	11 May 2029

Note: Both tenements were renewed on 12 May 2014 for a 15 year period.

Tshibangu Ilunga & Partners advise that the following conditions exist for these tenements:

- The annual surface rights must be paid or risk forfeiture of the tenements.
- A “feasability” study is required to show the impact and protection of the environment, avoidance of pollution and ultimately rehabilitation.

Tshibangu Ilunga & Partners also advise that:

- The tenements are in good standing.
- The Association Agreement requires the delivery of the feasibility study This study was originally due to be delivered in January 2014, and has been extended three times up to 4 February 2017.
- Sokimo has not issued a notice of breach of the Agreement, and Sokimo would have to provide Amani Consulting SARL with six months notice of termination due to a breach of the Agreement.
- Both Amani Consulting SARL and Giro Goldfields SARL are in good standing with regards to DRC corporate law.

A copy of the legal opinion by Tshibangu Ilunga & Partners is presented in Appendix A.

**SRK’s value opinion is conditional on Amani securing a further extension amendment to the Association Agreement with its JV partner SOKIMO. Until this amendment is ratified by the DRC government there is a substantial risk to the security of the Giro Gold Project tenure. Should Amani not succeed in obtaining this agreement then Amani’s attributable interest in the Giro Gold project would be reduced to zero.**

## Royalty

No royalty obligations were identified by Tshibangu Ilunga & Partners, however, Amani has advised that under DRC Law, a State Royalty of 2.5% would be payable by Giro Goldfields SARL.

As discussed below the Association Agreement also contemplates a royalty payment to SOKIMO, however, the royalty rate is not disclosed.

## Agreement

SRK was provided with copies of the Association Agreement (The Agreement) between Amani Consulting SARL and SOKIMO dated 3 January 2012, as well as three amendments to that Agreement. This Agreement and the amendments were provided on the 18 September 2017 in both French (original) and English (translated). In relation to these documents, SRK notes:

- SRK is not qualified to provide a legal opinion regarding these legal contracts and does not assert to do so.

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- A cursory review was completed to assess any potential payments or other financial obligations associated with the tenements, which identified potentially liabilities totalling US\$5 million as well as a loan facility to SOKIMO for unpaid acreage fees.
- The Agreement also identifies potential for a royalty to SOKIMO but the rate or conditions are not specified.
- These liabilities were not identified in the legal opinion by Tshibangu Ilunga & Partners and as such, their impact has not been considered in SRK's value opinion.

### 3.2.5 Exploration History

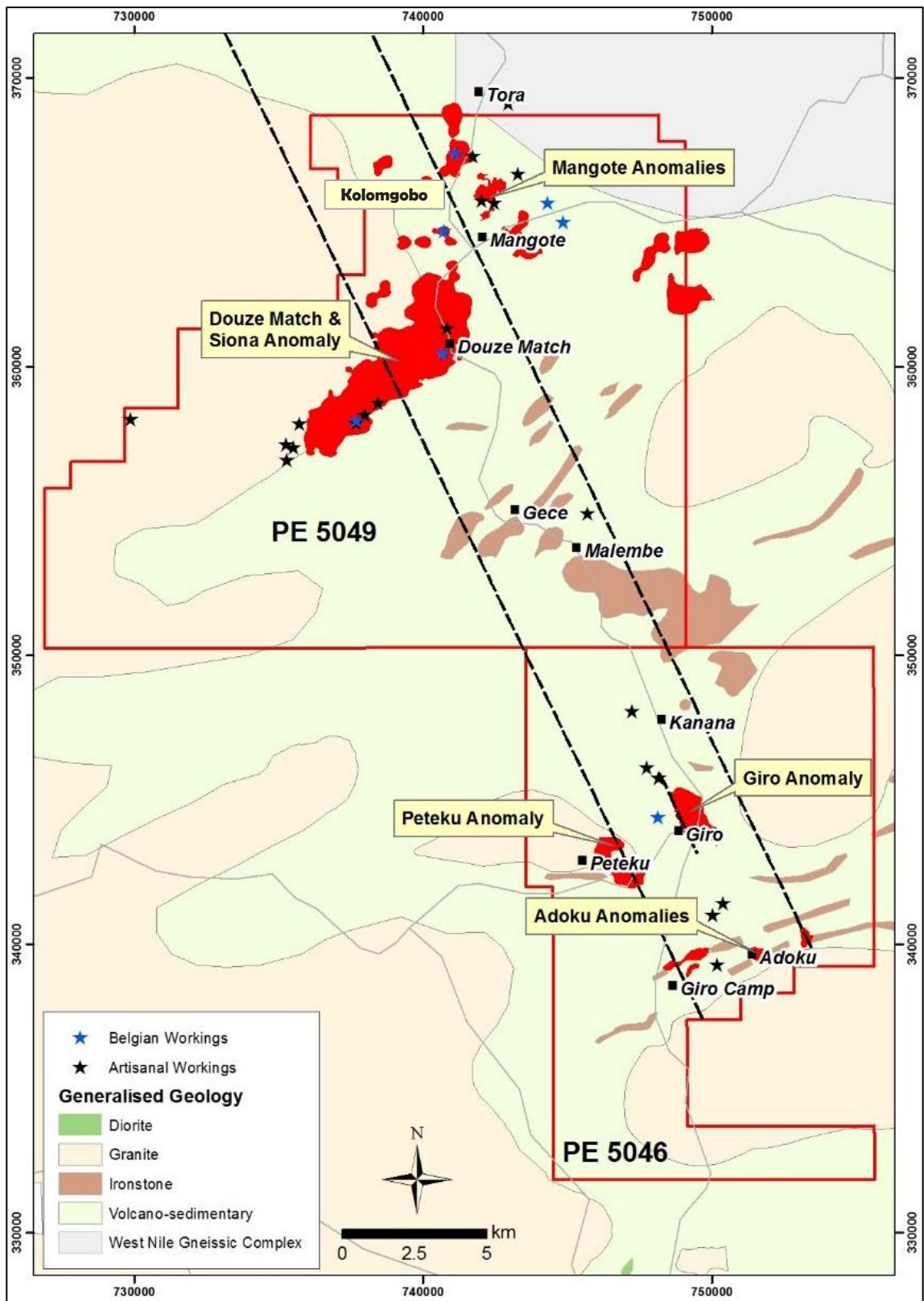
The Giro Gold Project comprises two granted permits (PE 5046 and 5049) which host seven prospects (Figure 3-4). All known prospects are located along or proximal to a mineralised corridor defined by the regionally significant Kebabada Shear Zone, a north-northwest oriented structure which extends for more than 35 km within the Kilo-Moto Greenstone Belt.

These prospects (from south to north) comprise:

- Adoku
- Peteku
- Kebabada
- Giro Vein
- Douze Match – includes the Tango Shear and Siona anomalies
- Mangote
- Kolomgobo.

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**Figure 3-4: Giro Gold Project – individual anomalies and prospects**

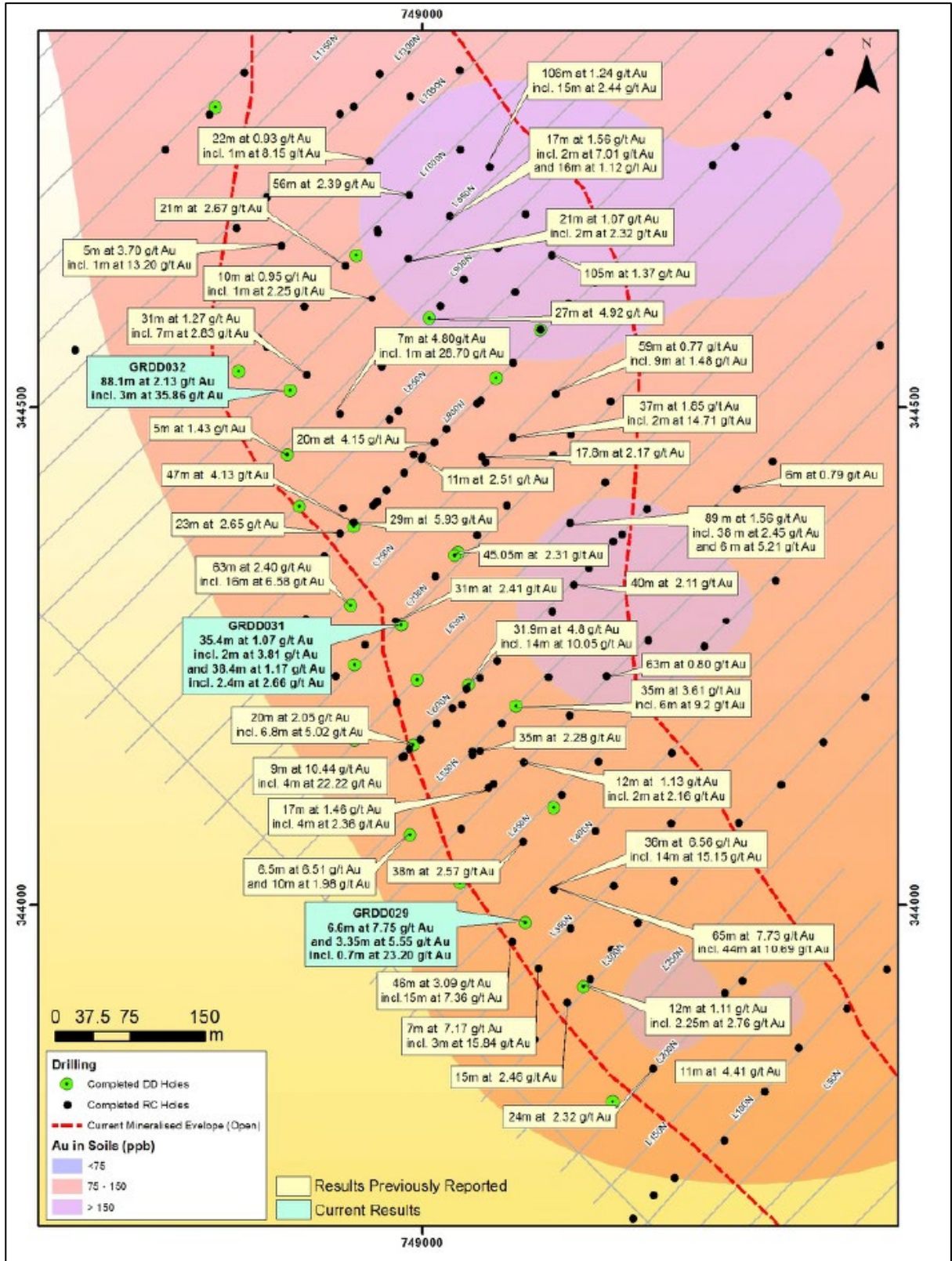
Exploration activities, including small scale and artisanal mining, has occurred along the Kebigada Shear Zone since the early 1900s coinciding with the commencement of Belgian Colonial rule (Jackson, Kwaku et al., 2016) which occurred between 1908 and 1960. There were two periods of significant post-war investment in the 1920s and 1950s, which drove increased mining activity across the Belgian Congo.

A brief history of exploration of the Giro project area is provided by Jackson, Kwaku et al., (2016) and others:

- Historically, the Belgians mined high-grade gold veins and laterite at Kebabada, Giro Vein, Peteku, Douze Match. The Belgians also mined two deposits to the north: the Mangote open pit, and the Kai-Kai underground workings (Eckhof 2017).
- Two regional airborne magnetic and radiometric geophysical surveys were conducted across large parts of the Moto Greenstone Belt. The first in 1988 was administered by World Geoscience, and the latter in 2012, by Mineral Invest International. Both surveys were completed on a 200 m line spacing.
- In 2012, Erongo Energy Limited conducted a small geochemical sampling and reconnaissance program.
- Panex Resources Inc. (Panex) operated a 57-hole (for 2,888 m) RC drilling program at the Giro Vein and Kebabada Shear Zone prospects in 2013.
- Between 2014 and May 2017, Burey Gold Limited (Burey) / Amani carried out two RC/ Diamond drilling campaigns focused on the Kebabada Shear Zone prospect (Witley 2017):
  - **October 2014 – December 2016: 145 RC holes and 10 diamond holes**
    - The RC drill holes were on 200 m spaced lines, at approximately 40 m centres, to an average downhole depth of 100 m.
    - In 2016, the RC line spacing was closed down to 100 m. Additional holes were drilled on some of the previous Panex drill lines to increase hole depths and provide infill, and to test geochemical anomalies in the eastern part of the Kebabada Shear Zone.
    - During this period (2015), an induced polarisation (IP) and resistivity geophysical survey was conducted over the Kebabada Shear Zone and Giro Vein prospects. The survey was conducted on a 100 m line spacing and 25 m station interval, with six Pole-Dipole lines surveyed using an electrode spacing of 50 m (Elliot, 2015).
  - **February 2017 – May 2017: 45 RC holes and 14 Diamond holes**
    - The RC holes were drilled to close the line spacing down to 50 m
    - The diamond holes were drilled to confirm structure and test deeper mineralisation.

A drill plan showing the resource drilling complete at the Kebabada prospect as at the 7 August 2017 is shown in Figure 3-5.

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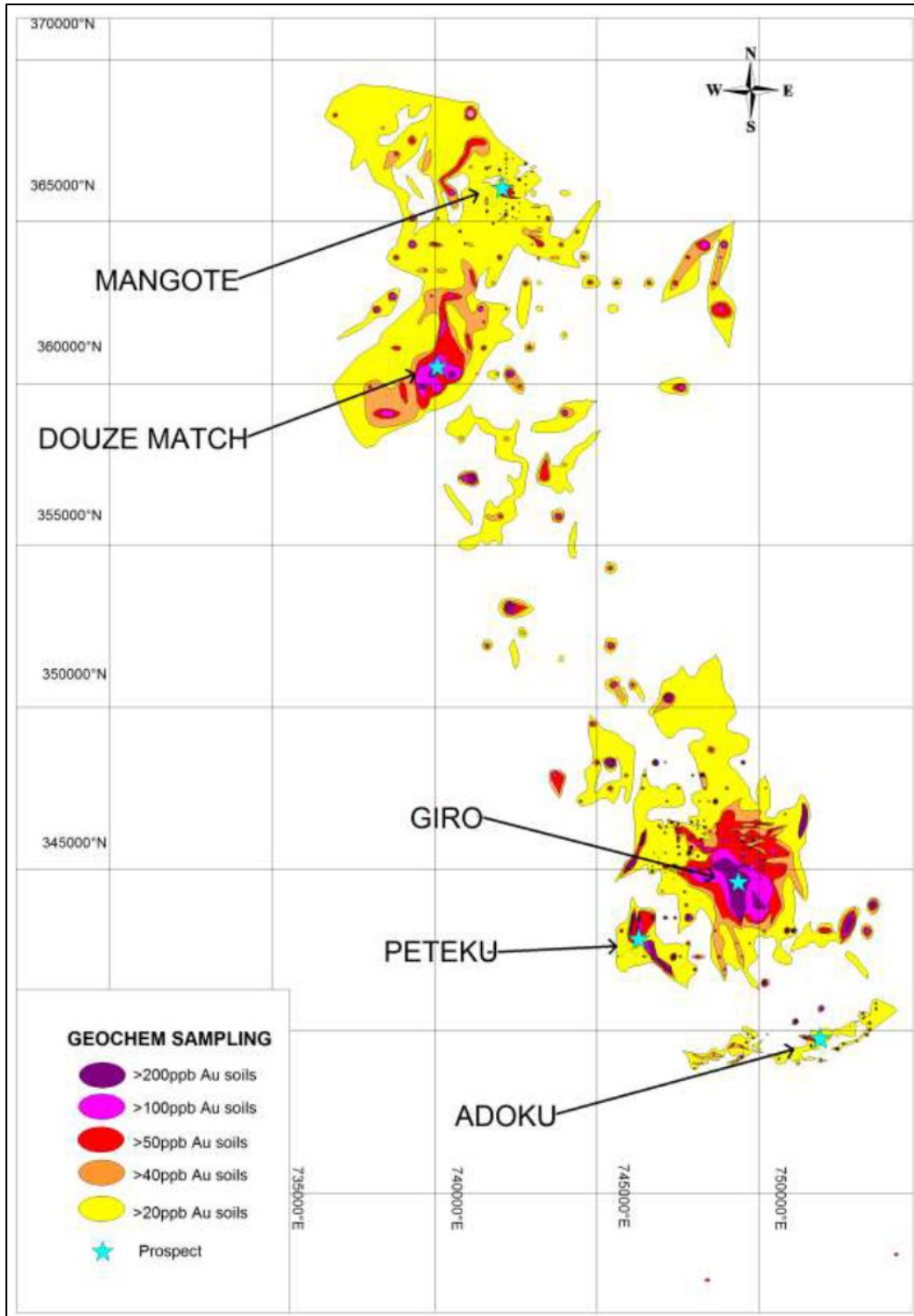
**Figure 3-5: Kebigada resource drilling**

Source: Amani, 2017

- A program of eight Diamond holes and 189 RC holes was completed during 2016/17 to explore the Douze Match prospect. These RC holes were generally shallow (average <50 m) targeting anomalies in a previous soil geochemical sampling survey.
- A further 52 RC scout holes were drilled at the adjacent Siona prospect.



- Soil geochemical sampling was completed progressively by Burey/ Amani, with 13,475 soil samples evident in the database provided to SRK. Jackson, Kwaku et al., (2016) reported that by June 2016, a 200 m by 800 m grid had been completed over a 40 km strike length along the Kebigada shear corridor. This spacing was closed down to 50 m by 200 m at Giro Vein, Kebigada Shear, Adoku, and Mangotu prospects, with infill underway at Douze Match. The extent of the soil sampling for the Giro project is shown in Figure 3-6 as at June 2016.



**Figure 3-6: Regional soil geochemistry sampling program (Au anomalism)**

Source: Jackson, Kwaku et al., 2016

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- Channel geochemical sampling was also completed at the Mangote, Douze Match, Kebigada, Peteku and Adoku prospects with 348 samples collected by June 2016 (Jackson, Kwaku et al., 2016).
- Other drilling at the various Giro prospects is derived from Amani's drill hole database records. These programs typically represent deeper diamond programs to test mineralisation at depth below the historic Belgian mining areas.
  - 8 diamond holes, and 189 RC holes at Douze Match
  - 4 diamond holes at the Giro Vein prospect
  - 5 diamond holes at the Adoku prospect
  - 4 diamond holes at the Mangote prospect
  - 1 diamond hole at the Peteku prospect.

The RC and diamond drilling completed at the Giro prospects is summarised in Table 3-2 and Table 3-3 respectively.

**Table 3-2: Giro Project - RC drilling summary**

Company	Type	Prospect	Total metres (m)	Number of holes
Panex Resources	RC	Giro	1,266	22
Panex Resources	RC	Kebigada	1,624	35
Burey Gold	RC	Douze Match	9,110	189
Burey Gold	RC	Kebigada	15,105	148
Burey Gold	RC	MO Anomaly	151	3
Burey Gold	RC	Siona	240	5
Amani Gold	RC	Kebigada	6,024	48
Amani Gold	RC	Siona	2,123	47
<b>Total</b>			<b>35,643</b>	<b>497</b>

Source: Amani drill hole database

**Table 3-3: Giro Project - diamond drilling summary**

Company	Type	Prospect	Total metres (m)	Number of holes
Burey Gold	DD	Adoku	839	5
Burey Gold	DD	Douze Match	1,218	7
Burey Gold	DD	Giro	310	2
Burey Gold	DD	Kebigada	2,633	9
Burey Gold	DD	Mangote	633	4
Burey Gold	DD	Peteku	100	1
Amani Gold	DD	Douze Match	170	1
Amani Gold	DD	Giro	206	2
Amani Gold	DD	Kebigada	5,325	19
<b>Total</b>			<b>11,434</b>	<b>50</b>

Source: Amani drill hole database

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### 3.2.6 Geological Setting

#### Regional Geology

The Giro district is dominated by the Archean-aged (3,200 to 2,600 Ma) Kilo-Moto granite-greenstone belt, which comprises volcano-sedimentary rocks of the Kibalian complex including schists, amphibolites, and ironstone-chert horizons (Jackson, Kwaku et al., 2016, Witley 2017). Typical of these terrains, these rocks were intruded by younger granitoids of the Upper Zaire granitic complex. The granitoids played an important role in the mineralisation of the Kebigada Sheer corridor and acted as a heat source, driving the movement of mineralised hydrothermal fluids (Jackson, Kwaku et al., 2016).

Low-grade biotite zone greenschist facies metamorphism is evident in the area, with many rocks remaining undeformed. Where metamorphism is evident, the rocks show weak, local deformation and foliation development, and are predicted to have occurred before mineralisation. Metamorphism is passive-thermal, associated with granitoid emplacement rather than the result of a regional tectonic event (Allibone 2017).

#### Local Geology

The Giro Project is dominated by a volcano-sedimentary sequence. This includes mafic interbedded pyroclastic and volcanoclastic rocks intermediate lavas and siltstones, and fine grained banded iron formation (BIF). The sequence has been intruded by a range of mafic to felsic intrusive plutons, dykes, and sills of the Zaire granitic complex. These intrusives include the Tora, Motobi, Oese, Peteku and Mai bodies, as shown in the local geology map in Figure 3-7 (Jackson, Kwaku et al., 2016, Allibone 2017).

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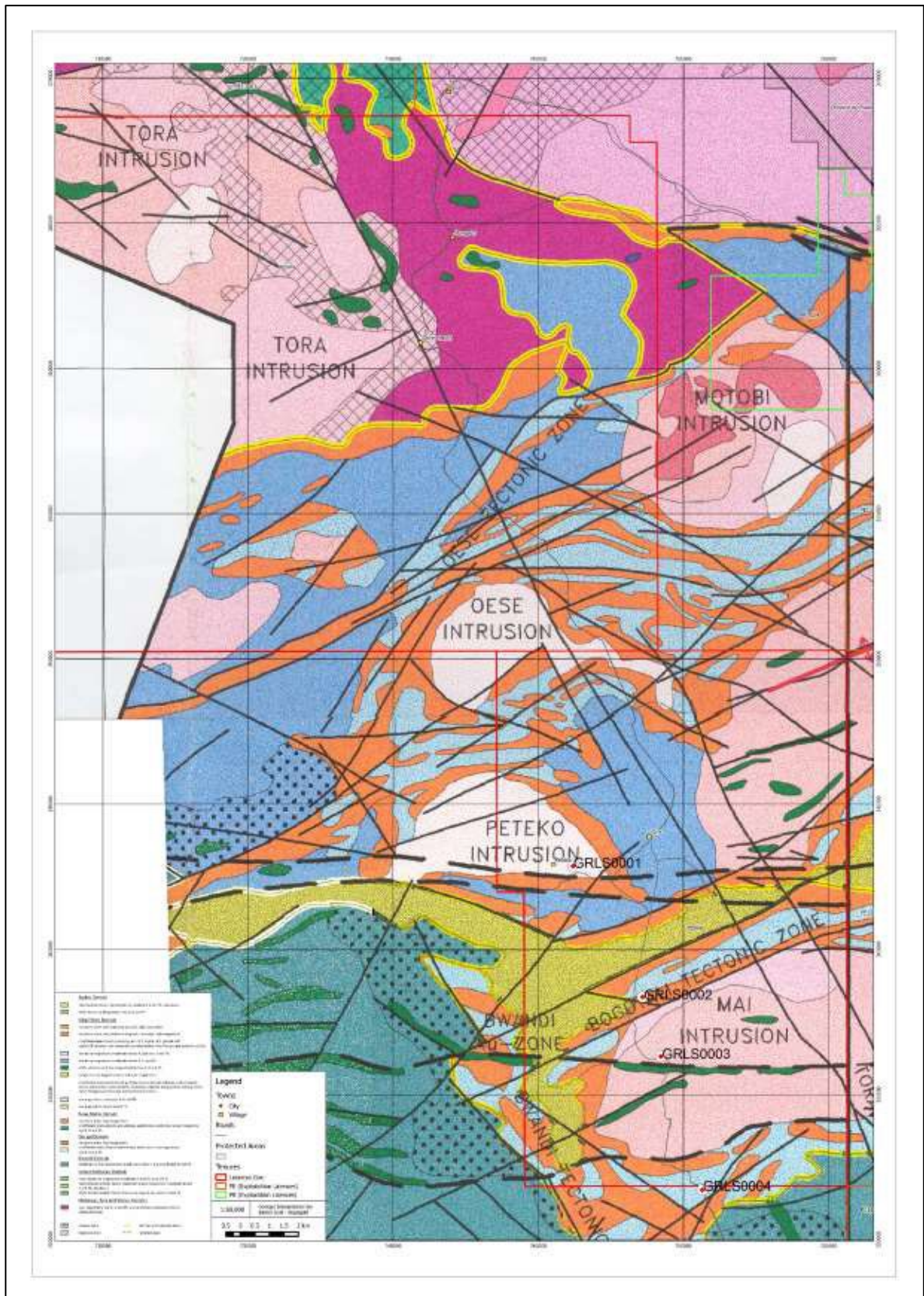


Figure 3-7: Local Geology showing Zaire granitic complex intrusives interpreted from regional geophysical imagery

Source: Jackson, Kwaku et al., 2016

The Kibalian rocks lie within the Kebigada Shear Zone, a sub-vertical, northwest striking structural corridor that is several hundred metres wide. (Witley 2017). The major lithologies generally dip southwest to northwest, and are extensively cross-cut by east-northeast to northwest faults. These faults occasionally offset mineralisation and some of these structures are preferentially intruded by barren mafic dykes (Jackson, Kwaku et al., 2016).

The major foliation direction identified by Jackson, Kwaku et al., (2016) varies from east-northeast at the Douze Match and Adoku prospects, to east-west at the Mangote and Peteku prospects. At the Kebigada prospect, a study of oriented core suggest that the foliation is in a northwesterly direction and dips at  $-75^\circ$  towards  $205^\circ$ . This foliation parallels both small-scale mineralised vein sets and larger scale mineralised lenses.

An alternative study by Vermaakt (2017) looked at the orientation of nearly 4,000 lineaments for the Kebigada prospect and established the following orientations:

- Foliations  $228^\circ/75^\circ$
- Carbonate Veins/ Veinlets  $227^\circ/72^\circ$
- Quartz Veins/ Veinlets  $214^\circ/69^\circ$
- Pyrite Laminae  $206^\circ/72^\circ$
- High Grade (Au) Structures  $220^\circ/73^\circ$

Flatter carbonate and quartz vein structures ( $253^\circ/20^\circ$ ) were also identified in the study but have been dismissed until their accuracy can be verified.

A study by Allibone (2017) looked in more detail at the petrographic and geochronological characteristics of the lithologies of the Kebigada, Adoku and Peteku prospects. Key findings included:

- Volcanoclastic rocks comprised volcanoclastic pebble conglomerates, typically massive with matrix supported clasts of porphyritic basalt, basaltic andesite, andesite and dacite in a fine-grained matrix.
- It was not clear whether these conglomerates were the result of pyroclastic volcanism, which occurred during deposition, or whether they represented epiclastic reworking of older pyroclastic deposits.
- Volcanic sandstones were minor, interbedded with the conglomerates, and essentially the same composition as the conglomerate matrix. They are described as sandstones, not tuffs, as a pyroclastic origin could not be proven.
- Fine grain basaltic and andesitic rocks represent approximately 25% of the regional lithology. The presence of micro-vesicles suggests that these rocks represent volcanic flows rather than fine grained intrusive bodies.
- Evidence was found at the Adoku prospect of finely laminated siltstones and minor BIFs, with well-preserved bedding and minimal foliation, however, these rocks were not found at Kebigada.
- Allibone (2017) defined six groups of intrusive bodies:
  1. Porphyritic quartz micro-diorite dykes
  2. Massive to moderately foliated hornblende porphyritic gabbro-diorite dykes
  3. Massive to strongly foliated diorite
  4. Medium to coarse grained biotite tonalite
  5. Medium to coarse-grained gabbro
  6. Dolerite dykes.

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## Mineralisation and Alteration

Studies on the controls of mineralisation appear to be generally limited to the greater Giro prospect (Kebigada and Giro Vein). Jackson, Kwaku et al., (2016) observe that the major controls are predominantly structural with some lesser lithological preferences.

In the case of the Kebigada prospect, mineralisation is largely bound by the Kebigada fault to the west. The prospect is inferred from a similarly abrupt termination of mineralisation to the east with a coincident drop in the IP chargeability geophysical imagery of the eastern control being a parallel structure. This thesis suggests that the mineralisation is associated with northwest dilational jogs between two north-northwest trending faults (Jackson, Kwaku et al., 2016).

The lithological controls are based on observations that mineralisation tends to favour fine-grained volcanoclastic rocks, when in contact with coarser-grained pyroclastic rocks and as interbedded units. It is hypothesised that this preference may be a function of finer-grained units being a preferential site for strike-slip movement and brittle fracturing, compared to more massive units (Jackson, Kwaku et al., 2016). This lithological control is therefore a pseudo structural control providing preferential zones for movement, and as a result focuses the location of faults or shears.

The mineralisation at the Giro Vein prospect appears to be controlled by a strike-slip, brittle, ductile shear zone trending west-northwest. This has been reactivated over a long period of time, with continued injection of mineralised fluids (Jackson, Kwaku et al., 2016).

Jackson, Kwaku et al., (2016) describes three principal styles of mineralisation:

1. Disseminated pyrite bands or lenses
2. Quartz-carbonate-pyrite sheeted vein sets +/- chalcopyrite & molybdenite
3. Grey-white banded ribbon quartz.

Both the sheeted veins and ribbon quartz have associated alteration assemblages such as pyrite, chlorite, epidote and free gold.

Allibone (2017) describes the mineralised veins as containing pyrite, +/- chalcopyrite, +/- quartz, +/- carbonate with halos of pyrite +/- chlorite, +/- tourmaline alteration. Both veins and the alteration halos overprint earlier metamorphic alterations assemblages. This suggests that mineralisation occurred later in the area's geological history, after metamorphism.

The mineralisation is capped by 5 m to 10 m of laterite, and a further 10 m to 30 m of saprolite (Witley 2017). These weathering profiles have previously been the target of both Belgian and artisanal miners.

**SRK considers that the regional and local geological setting, including the structural setting, is understood by Amani and warrant a reasonable confidence in the regional geological model.**

**Understanding of the local geology is less developed as demonstrated by the broad assay driven mineralisation interpretations applied (Section 3.2.8).**

### 3.2.7 Data collection

SRK has completed a high-level review of Amani's data collection practices for the Kebigada resource estimate.

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## Drilling type and sample recovery

SRK considers that Diamond and RC drilling are suitable for mineral resource estimation studies, and the associated mineral resource classifications applied. As demonstrated by Table 3-2 and Table 3-3, of the total drilling metres of 47,077, RC drilling represents 76% and diamond drilling represents 24% of the overall drilling completed to date at the Giro Project. Diamond drilling provided recoveries averaging 99% for fresh rock, however, the recoveries in the laterite and saprolite were significantly less; down to 70%, as could be expected. RC drilling recoveries were not quantitatively recorded, however, they have been qualitatively reviewed by MSA as being acceptable. The results of wet RC drilling on sample recovery is also not described in any detail, and requires further statistical review.

Samples were generally collected in 1 m lengths for all drilling methods.

**SRK considers that the drilling type and sample recovery currently being used are appropriate for the mineralisation type at the Kebigada Project.**

## Sample preparation and assay

Amani engaged reputable laboratories, ALS (for sample preparation) in Mwanza, Tanzania; ALS (for assay) in Johannesburg; and SGS in Mwanza, Tanzania (for sample preparation and assay). All laboratory chains used the following procedure:

- The sample was crushed to >70% of the sample. It passed through a screen size of less than 2 mm, with a 1,000 g of sub-sample split from the crushed sample. It was then pulverised until 70% of the material could pass through a 75 µm sieve.
- From initial crushing, a 50 g sample was obtained for fire assay with atomic absorption (AA) finish. Where the gold grade was found to be above the 100 g/t Au upper detection limit, the sample was re-assayed using a fire assay gravitational method.

SRK notes ALS and SGS facilities are ISO17025 accredited for determination of gold by fire assay, with AA finish by the South African National Accreditation Service (SANAS).

**SRK considers the sample preparation procedures and the assay method are sound and appropriate for the mineralisation style at Kebigada.**

## Quality assurance and control

The quality assurance and quality control (QAQC) program for the Giro samples included:

- Insertion of Certified Reference Material (CRM) samples at a rate of one for every 30 field samples
- Insertion of blank sample material, at a rate of one for every 30 field samples
- Field duplicates for the RC drill samples, inserted at a rate of one for every 30 field samples
- Umpire laboratory duplicate analysis.

The QAQC program conducted by Amani, and reviewed by the MSA group, is considered by SRK to be in line with prevailing industry standards.

**SRK has not reviewed the raw QAQC data. However, SRK has reviewed supplied available standard control plots and associated statistics, and agrees with MSA's conclusion that the accuracy and precision of the dataset is sufficient that the assay results were acceptable and appropriate as an input into the mineral resource estimates.**

## Logging and database

Database interrogation by SRK shows standard logging codes, and descriptors were used by field geologists. Geological logging for lithology, weathering and colour, and visible evidence of sulphide mineralisation was completed.

Drill logging results were recorded in excel spreadsheets then loaded into a Microsoft Access database. Assays in supplied csv format from the laboratories were loaded into the database with routine visual checks applied.

**SRK has not completed any comparisons of the database with the original assay certificates, but considers the supplied database to be appropriate for resource estimation and for maintaining the integrity of the data input.**

## Drilling concentration and comparison

No significant bias between the drill types was noted by MSA. SRK considers that a more detailed study is required that includes further data collection in the form of twin holes. Further analysis of the effects of wet drilling should also be evaluated by twin drilling.

## Bulk density

Weight in water (Archimedes) was used to calculate a dry bulk density on the 6800 diamond drill samples. The lithology was then determined by wireframe and 2 m composites calculated with averages used for global assignment as described in Table 3-4.

**Table 3-4: Bulk density of mineralisation**

Domain	Mineralisation type	Average Bulk Density (t/m <sup>3</sup> )
0.3 g/t Shell	Laterite	1.64
	Saprolite	1.76
	Fresh	2.80
0.5 g/t Shell	Laterite	1.63
	Saprolite	1.51
	Fresh	2.80
Intrusives	Laterite	1.82
	Saprolite	1.57
	Fresh	2.85
Waste	Laterite	1.74
	Saprolite	1.58
	Fresh	2.79

**SRK considers the data collection techniques and application to be appropriate. Furthermore, SRK considers that the bulk density collected and values estimated are similar for other deposits of similar geology. These techniques are thus considered appropriate for accurate tonnage representation in the Mineral Resource.**

### 3.2.8 Mineral Resource

#### Geological and mineralisation model

Weathering surfaces were developed for the base of laterite and base of saprolite.

Grade shells were then computed at 0.3 g/t Au and 0.5 g/t Au cut-off grades by completing indicator kriging using and the later using an indicator threshold of 0.5.

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SRK notes the 0.5 g/t Au grade shell exhibits variable continuity and at times is not sub parallel with the 0.3 g/t Au suggesting that indicator kriging parameters were not similar. SRK considers the 0.5g/t Au grade shell is not appropriate to constrain higher grades with the estimation process (discussed in Section 3.2.8 Block Model and estimation).

**SRK considers that the mineralisation constraints are broadly appropriate and reflect the general geology, however are not suitable to constrain higher grade populations within the dataset during estimation.**

### Statistical analysis and variography

The raw data was composited to 2 m intervals. The average sample length was 1 m. No statistical analysis was completed on larger composite length. SRK considers that with the parent block height selected (20 m), the composite is inappropriate for the block size selected.

Statistics for the 2 m composites are shown in Table 3-5, and SRK notes inflated coefficients of variation (CV) for the raw data.

**Table 3-5: Statistics for top-cut Au by domain**

Domain	weathering state	Number of composites	Mean (g/t)	CV	Top-cut (g/t)	Number cut (g/t)	Capped mean (g/t)	Capped CV
0.3 g/t Shell	Laterite	330	1.17	1.32	6.50	3	1.11	0.94
	Saprolite & Fresh	3,571	0.59	2.55	17.40	7	0.57	2.13
0.5 g/t Shell	Laterite	245	1.77	1.31	5.9	8	1.60	0.71
	Saprolite & Fresh	3,654	1.20	2.10	25.30	4	1.18	1.65
Intrusives	Laterite	50	0.76	1.04	2.58	2	0.72	0.91
	Saprolite & Fresh	1,570	0.26	2.13	3.90	5	0.25	1.69
Waste	Laterite	298	0.34	1.50	2.00	4	0.32	0.99
	Saprolite & Fresh	2,428	0.19	3.83	2.70	6	0.16	1.65

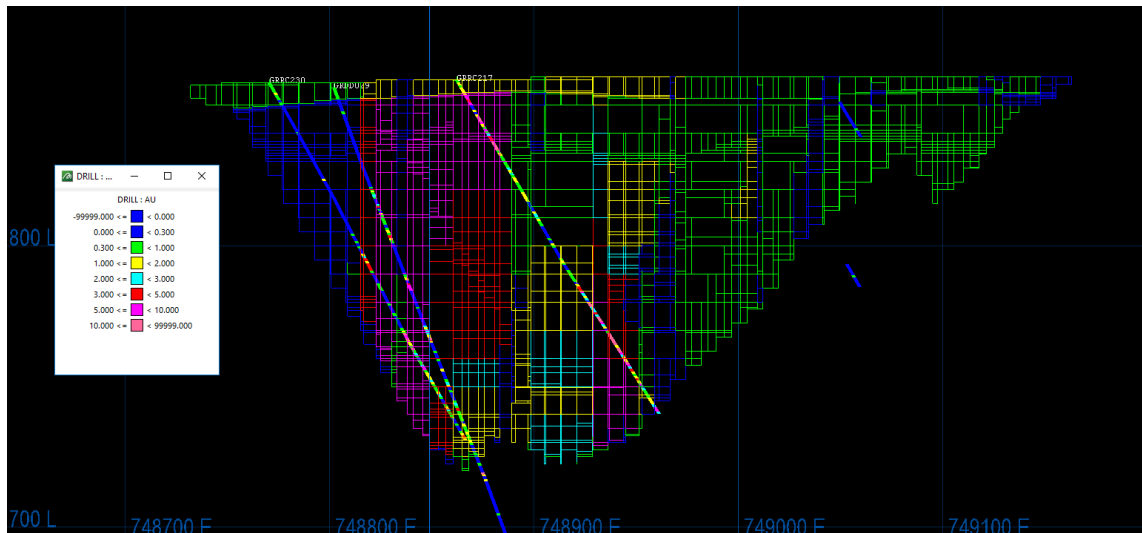
Source: MSA, 2017 p 35.

SRK considers the grade cuts applied by domain to the composites in Table 3-5 are statistically justified.

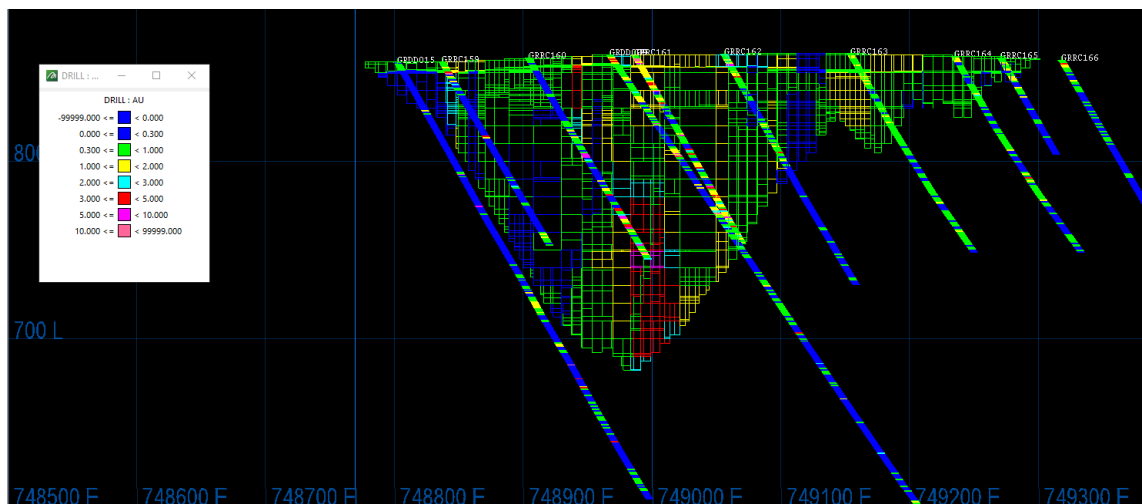
SRK observes artefacts to grade estimation in the form of grade smearing where higher grade material is estimated into areas of distinctly lower grade (Figure 3-8 and Figure 3-9). To constrain higher grades in OK estimates, distance limitations on the higher-grade material can be applied, however, SRK observes this practice was not applied. Grade smearing is not as pronounced in the Indicated material as higher grades are limited by informed closer spaced lower grade drill data.

Table 3-6 shows the search distance in the estimation of up to 490 m, which is in excess of the maximum variogram range (90 m). Between 12 and 32 composites were used to estimate a block for the saprolite-fresh domain, and up to 11 composites used per drill hole. Considering that the block height is 20 m and holes are slightly angled with 2 m composites, the estimation essentially uses one drill hole per parent block.

SRK has not completed any additional work to quantify the effects of grade smearing, but considers it may be in the order of greater than 5 percent (up to 20 percent) in the Inferred material. This suggests it may be material for valuation.



**Figure 3-8: Typical section NW centred hole GRRC230 showing grade smearing**



**Figure 3-9: Typical section NW centred hole GRDD015 showing grade smearing**

To refine the grade estimation, more advanced non-linear techniques (that limit the influence of sporadic higher grades) are considered more suitable by SRK for the style of mineralisation at the Kebigada prospect. Alternatively, distance restrictions on the estimation of the higher grades in the form of estimation parameters, or wireframing pods of the higher grade if clustered, could be considered in OK estimates.

### Block Model validation

Validation was completed by:

- Visual examination of the input data against the block model estimates
- Sectional validation
- Comparison of the de-clustered input data statistics against the model statistics.

Through visual validation, SRK has identified the potential for high grade smearing due to the higher grades being unconstrained.

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## Mineral Resource Model classification

Mineral Resource classification was based on

- Data quality
- Geological model confidence
- Grade continuity and variability
- Drilling density.

SRK notes that the key criterion is drill spacing. The Indicated Mineral Resources were classified within a drill hole grid of 50 m by 50 m, or closer. The Indicated Mineral Resources occurs to a depth of less than 110 m below surface. Inferred material was limited by an optimised whittle shell run at US\$1,500/oz Au. SRK considers constraining the resource by pit shell to be appropriate.

**SRK considers the classification approach to be suitable, and that the resultant classifications applied are reasonable in appearance and magnitude. The August 2017 Mineral Resource update, as presented by MSA, is not suitably robust in terms of grade calculation due to high grade smearing in places. The update, however, has been classified in accordance with the JORC Code (2012) to an appropriate level of confidence, reflective of estimation confidence.**

## Mineral Resource reporting

The Mineral Resource estimate has been completed by Mr Jeremy Charles Witley, a Principal Resource Consultant for the independent consulting company the MSA Group. Mr Witley is stated as the Competent Person for the estimation released to the ASX on 23 August 2017. SRK notes that this release was a revision to the previous mineral resource released on 30 June 2017. The changes arose from the inclusion of a number of low-grade samples associated with the intrusions previously excluded from the mineral resource modelling.

All reporting requirements are appropriate, and the Mineral Resource is reported in accordance with the JORC Code (2012). A detailed Table 1 is also appropriately provided.

The grade-tonnage reporting for the supplied block model as at 8 August 2017 is shown in Table 3-6. SRK notes the preferred reporting cut-off used by MSA is 0.9 g/t Au.

**Table 3-6: Giro open cut Mineral Resource > 0.9 g/t Au**

Category	Cut-off grade (g/t Au)	Tonnes (Mt)	Grade (g/t Au)	Au Content (Moz)
Indicated	0.6	24.76	1.27	1.01
	<b>0.9</b>	<b>16.48</b>	<b>1.53</b>	<b>0.81</b>
	1.3	7.56	2.08	0.50
	1.5	5.21	2.38	0.40
Inferred	0.6	50.40	1.14	1.84
	<b>0.9</b>	<b>29.14</b>	<b>1.42</b>	<b>1.33</b>
	1.3	11.78	1.94	0.74
	1.5	8.63	2.15	0.60
Total	0.6	75.16	1.18	2.85
	<b>0.9</b>	<b>45.62</b>	<b>1.46</b>	<b>2.14</b>
	1.3	19.34	2.00	1.24
	1.5	13.84	2.24	0.99

Source: MSA, 2017

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**Overall, SRK concludes that the Mineral Resources reported may locally and thus globally overstate the contained metal due to grade smearing, particularly in the Inferred material. SRK recommends that a global adjustment within the range of -5 percent to -20 percent to the Inferred material is applied for valuation purposes. SRK recommends the Mineral Resource model be refined/updated for further mine planning evaluation, with refined estimation parameters or further drilling be completed.**

### 3.2.9 Ore Reserves

No Ore Reserves have been declared for the Giro Project to date.

### 3.2.10 Metallurgy

Metallurgical sighter test work was completed on material from the Kebigada prospect by SGS Mineral Services using 76 RC samples, composited into three “bulk” samples of 25 kg each. The three samples represented i) Oxide, ii) Sulphide East and Sulphide West; with grades of 1.5 g/t, 1.7 g/t and 1.8 g/t Au respectively (Eckhof 2016).

The leach test results (shown in Table 3-7) indicate that gold recoveries of 91% to 92% may be achievable through the use of direct cyanidation, with a further 5% to 7% recoverable through the use of hydrochloric/ nitric acid (HCL/ HNO<sub>3</sub>) processes.

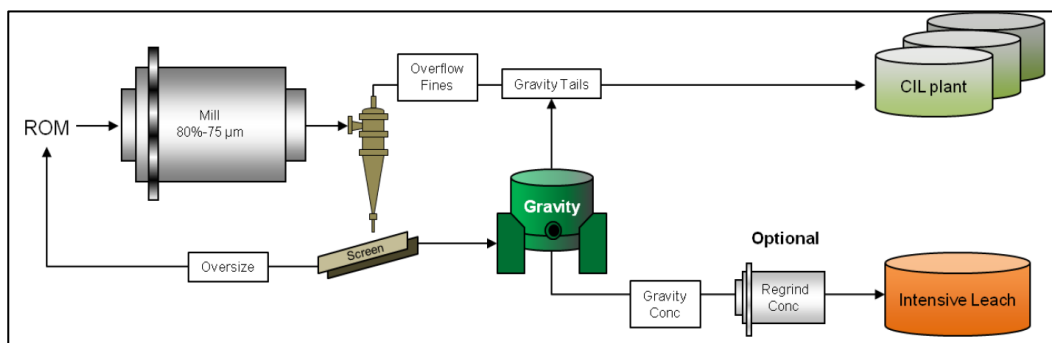
The study also identified that refractory gold represented 5% to 7% of total gold, and that approximately 1% to 2% was unrecoverable.

**Table 3-7: Kebigada - Leach test results**

Stage	Gold Association	Oxide		Sulphide East		Sulphide West	
		Au g/t	Au %	Au g/t	Au %	Au g/t	Au %
1	Direct Cyanidation	1.38	91.47	1.66	90.50	1.54	89.91
2	HCl digestion – CIL	0.09	6.21	0.04	2.34	0.04	2.44
3	HNO <sub>3</sub> digestion – CIL	0.01	0.6	0.05	2.69	0.07	4.25
4	Roast – CIL	0.00	0.03	0.01	0.77	0.01	0.64
5	Silica/Gangue	0.02	1.03	0.03	1.85	0.03	1.98
<b>Total</b>		1.51	100	1.83	100	1.71	100
<b>Available via CIL Recovery</b>			<b>91.47</b>		<b>90.50</b>		<b>89.91</b>

Source: Eckhof, 2016.

The Kebigada test work also showed that the samples were amenable to gravity-cyanidation, with gravity concentrates demonstrating recoveries of 98% to 99% and gravity tails 85% to 98% (Guy, Mogalanyane et al., 2016). A high-level flowsheet for the proposed gravity-cyanidation process is shown in Figure 3-10.



**Figure 3-10: Proposed gravity-cyanidation flowsheet**

Source: Guy, Mogalanyane et al., 2016

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### 3.2.11 Exploration Potential

Based on recent ASX announcements, Amani's current exploration strategy comprises the following:

- To test the depth extensions to the known gold mineralisation at the Kebigada prospect,
- Upgrade the current resource to a Measured Resource at the Kebigada prospect through infill drilling.
- Define a maiden resource at the Douze Match prospect.

The current exploration prospects shown in Figure 3-4, which are within Amani's existing tenements, include:

1. Giro Vein – adjacent to Kebigada
2. Adoku
3. Peteku
4. Douze Match - includes Tango Shear and Siona anomalies
5. Mangote
6. Kolongoba.

These prospects represent areas of previous mining activity either by the Colonial Belgian miners or by local artisanal miners. The exploration status of each prospect is discussed below.

#### Giro Vein

The Giro Vein prospect is located approximately 500 m to the west of the Kebigada Mineral Resource and consists of west-northwest trending grey-white, banded quartz vein sets. Drilling reported by Amani has recorded intersections of between 3.1 g/t Au and 37.5 g/t Au with widths between 0.7 m and 8 m.

SRK was not provided with any drill sections to assess the continuity of the mineralisation at Giro Vein.

No further exploration drilling is currently planned at Giro Vein, with the focus being on larger scale targets. The proximity to Kebigada and reported drilling is shown in Figure 3-11.

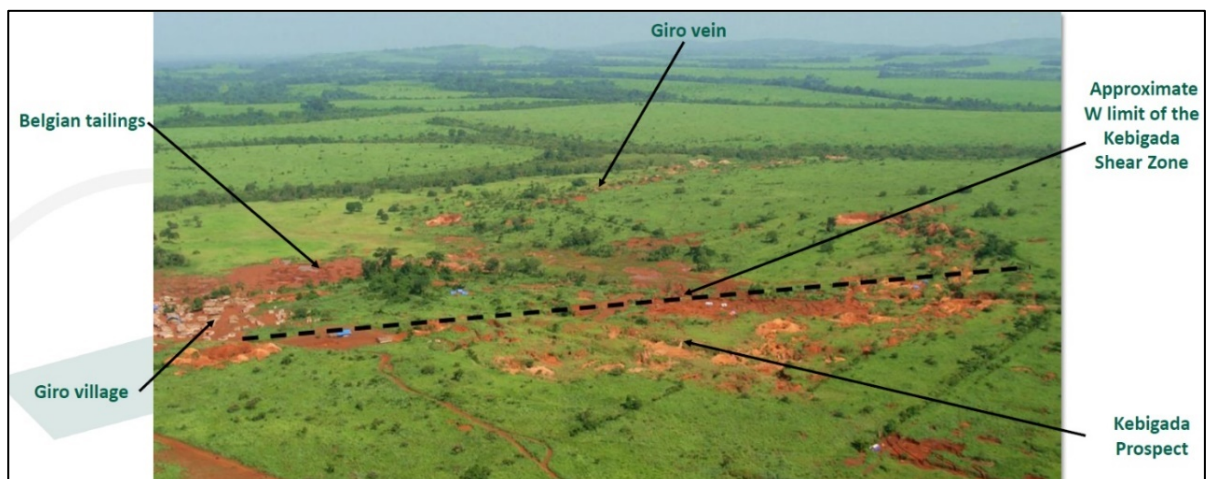
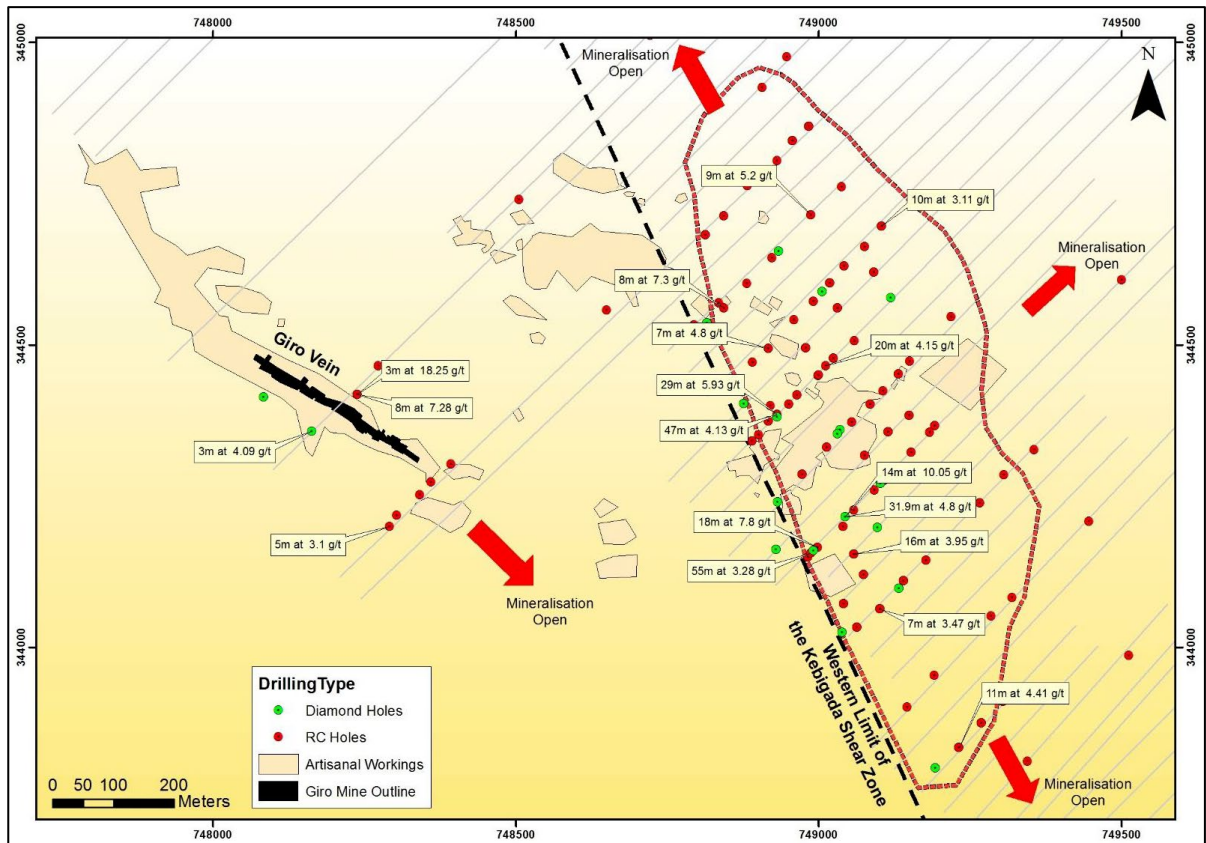


Figure 3-11: Location of Giro Vein



**Figure 3-12: Giro Vein location and reported drill results**

Source: Eckhof, 2017

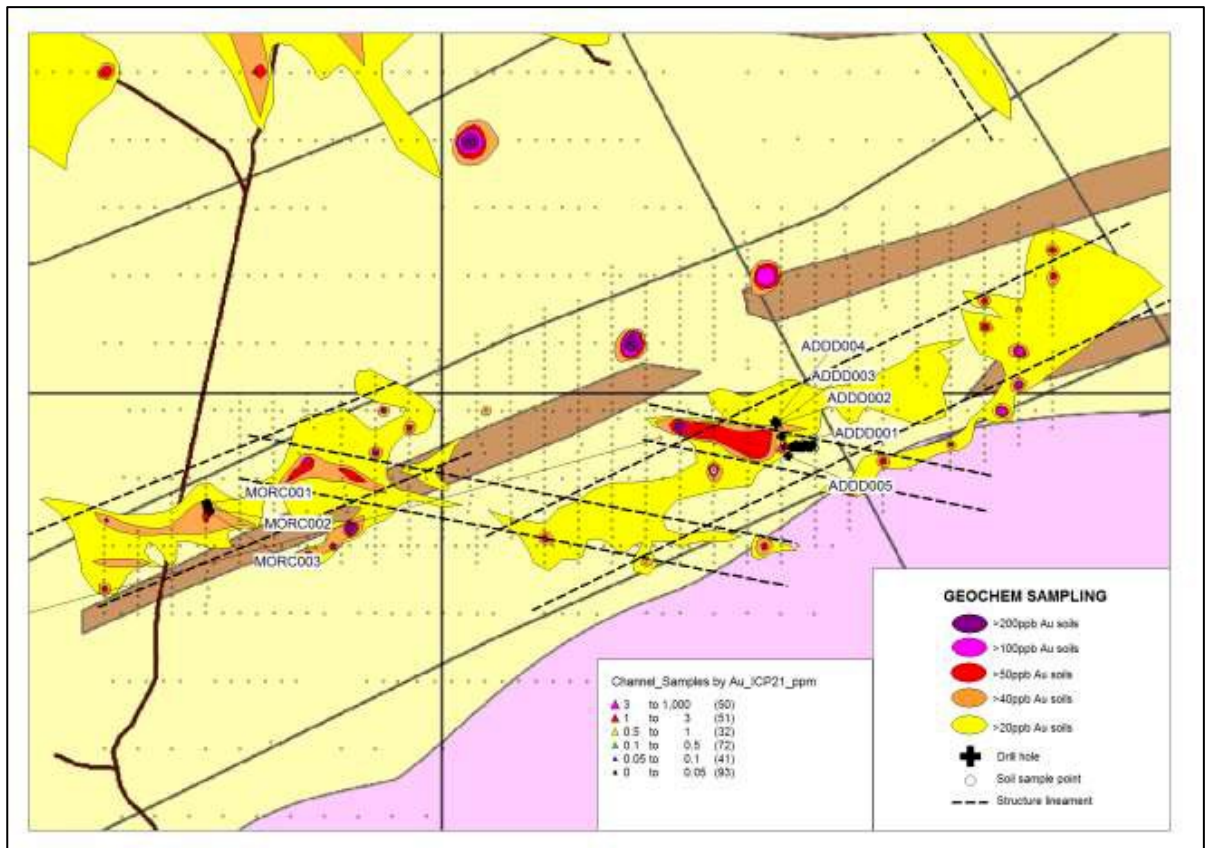
**Adoku**

The Adoku prospect is located 5 km south of the Giro Vein prospect and contains a small open pit which was historically focused on hard rock mining of sub-vertical, west-northwest trending quartz veins. Jackson, Kwaku et al., (2016) observe that the prospect represents the intersection of this dextral shear with the regional east-northeast trending mineralised corridor. Amani’s geochemical sampling has defined a gold-in-soil anomaly extending over a 6 km strike length with an amplitude of between 20 ppb and 50 ppb Au.

A previously completed diamond drill hole did not encounter any significant gold mineralisation, and Jackson, Kwaku et al., (2016) report that the anomaly appears to pinch out both along strike and at depth.

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**Figure 3-13: Adoku geochem anomaly and drilling**

Source: Jackson, Kwaku et al., 2016

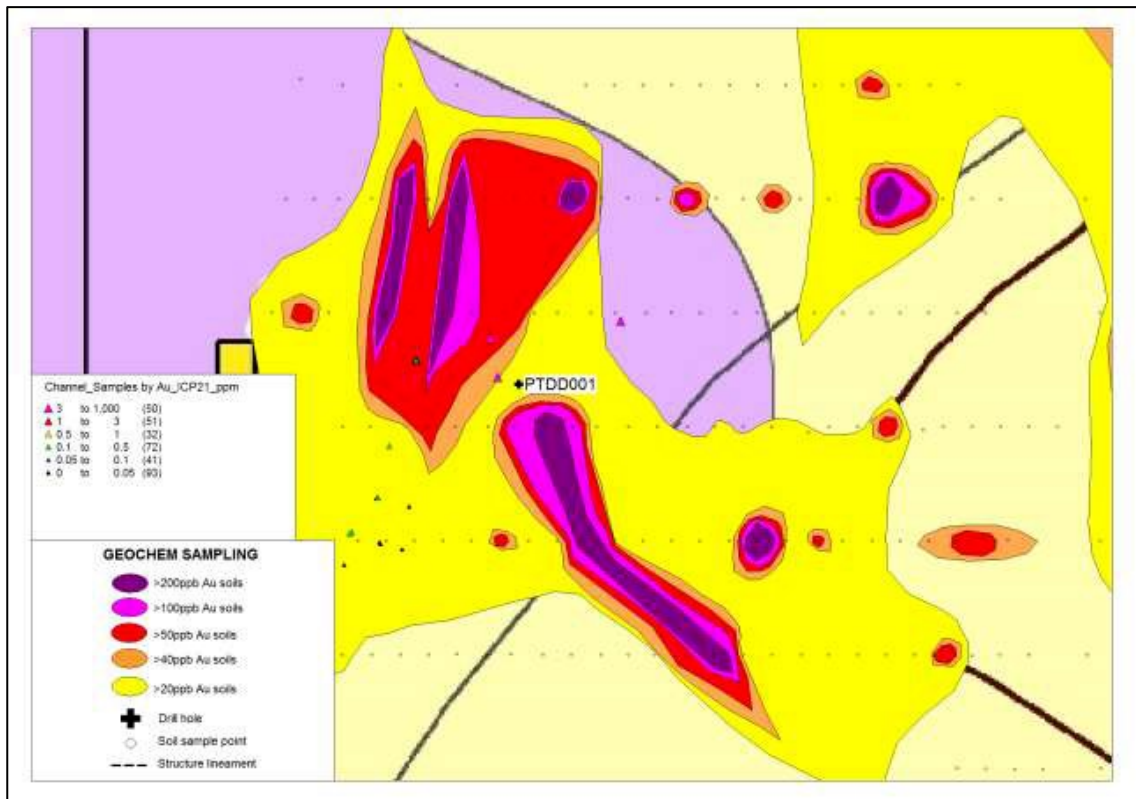
**Petuku**

The Petuku prospect is located 3 km southwest of the Kebigada Mineral Resource with artisanal workings located over a granite/ BIF contact. Mineralisation is interpreted to be hosted in a quartz-pyrite vein stock work and altered mafic intrusive bodies measuring approximately 50 m long that strike east-west, parallel to the granite contact (Jackson, Kwaku et al., 2016).

One diamond drill hole was completed at the Petuku prospect. This did not intersect any significant gold mineralisation.

Jackson, Kwaku et al., (2016) surmised that the gold mineralisation does not have any continuity and was poddy in extent with limited potential to extend under cover.

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**Figure 3-14: Petuku geochem anomaly and drilling**

Source: Jackson, Kwaku et al., 2016

### Douze Match

The Douze Match prospect is located in the northern tenement PE 5049 and approximately 6 km southwest of the Mangote prospect (Figure 3-16). The Douze Match prospect includes both the Siona geochemical anomaly and the Tango Shear prospects, both of which represent historic Belgian colonial workings, with the remnants of the abandoned drive still present at Tango Shear.

The mineralisation at Siona is located in sheared volcanics/ quartz veins approximately 150 m – 200 m south of the granite contact. Mineralisation is being targeted within a soil geochemical anomaly over 1.5 km long and over 40 m wide with an amplitude reaching 100 ppb.

Exploration at the Douze Match prospect is targeting the sheared granite/ volcanic contact interpreted to represent a zone of narrow high-grade gold mineralisation located within a broader 30 m-wide shear zone, which appears to plunge to the northeast (Eckhof 2016). Where drilling had intersected previous workings, gold was visible in black quartz within a silica-pyrite-chlorite rich volcanic rock (Jackson, Kwaku et al., 2016).

Drilling was suspended at the prospect in 2016 after the mineralisation at Douze Match/ Siona proved to be more geologically complex than expected, with the company announcing that alternative geophysical techniques would be required to better understand the area's structural complexities (Eckhof 2016).

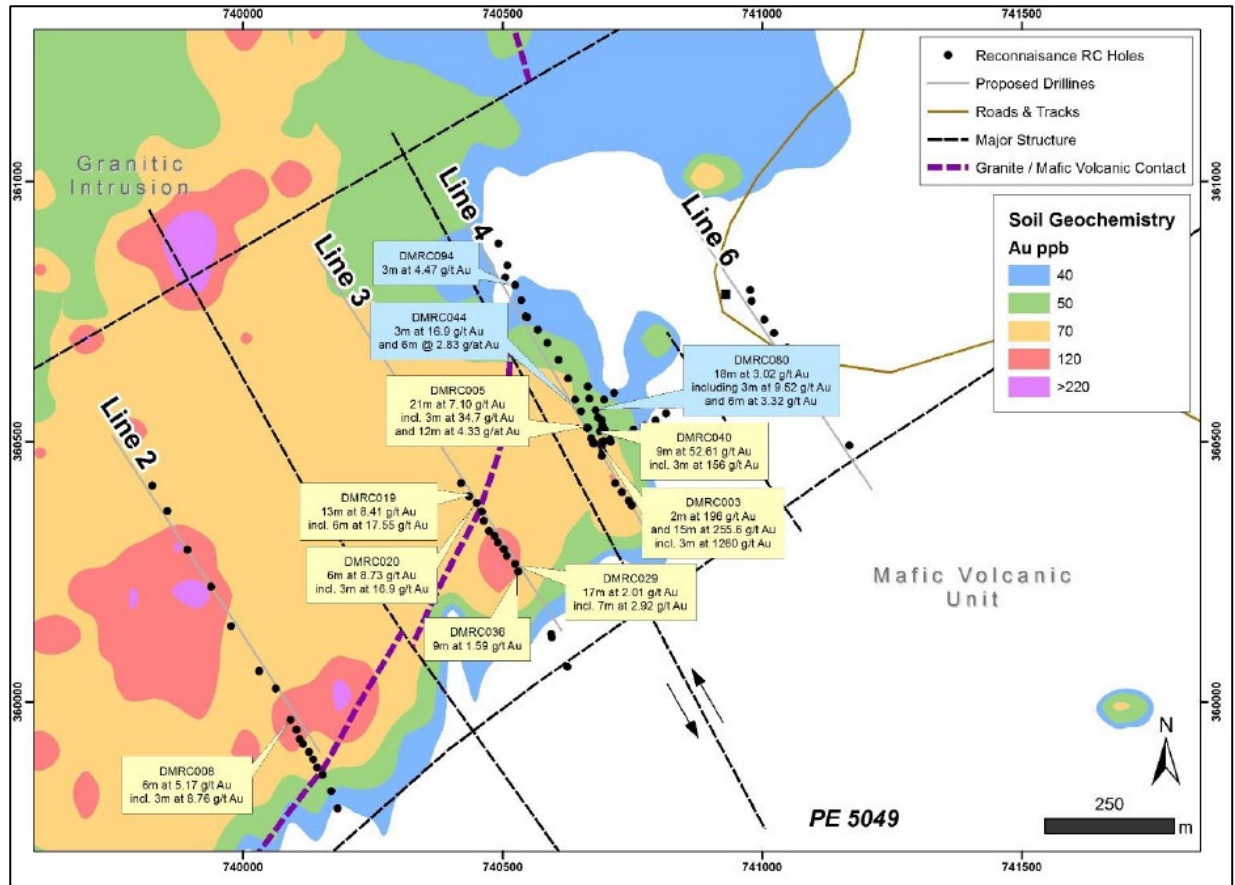
To date, 194 RC and eight diamond holes have been completed at the Douze Match prospect (Figure 3-15). Highlights reported by Amani (April 2017) include:

- DMRC003:
  - 2 m at 196 g/t Au from 12 m
  - 15 m at 255.6 g/t Au from 15 m, including 3 m at 1,260 g/t Au from 15 m



- DMRC005: 9 m at 5.7 g/t Au from 24 m
- DMRC040: 9 m at 52.6 g/t Au from 6 m, including 3 m at 156g/t Au from 6 m
- DMRC019: 13 m at 8.4g/t Au from 36m, including 6 m at 17.6g/t Au from 42 m

In July 2017, Amani reported that it is planning to drill test the flat lying structures at the Douze Match prospect with the aim of completing a maiden resource estimate during the year (Qui-Ming 2017).



**Figure 3-15: Douze Match Prospect – including Siona and Tango Shear sub-areas**

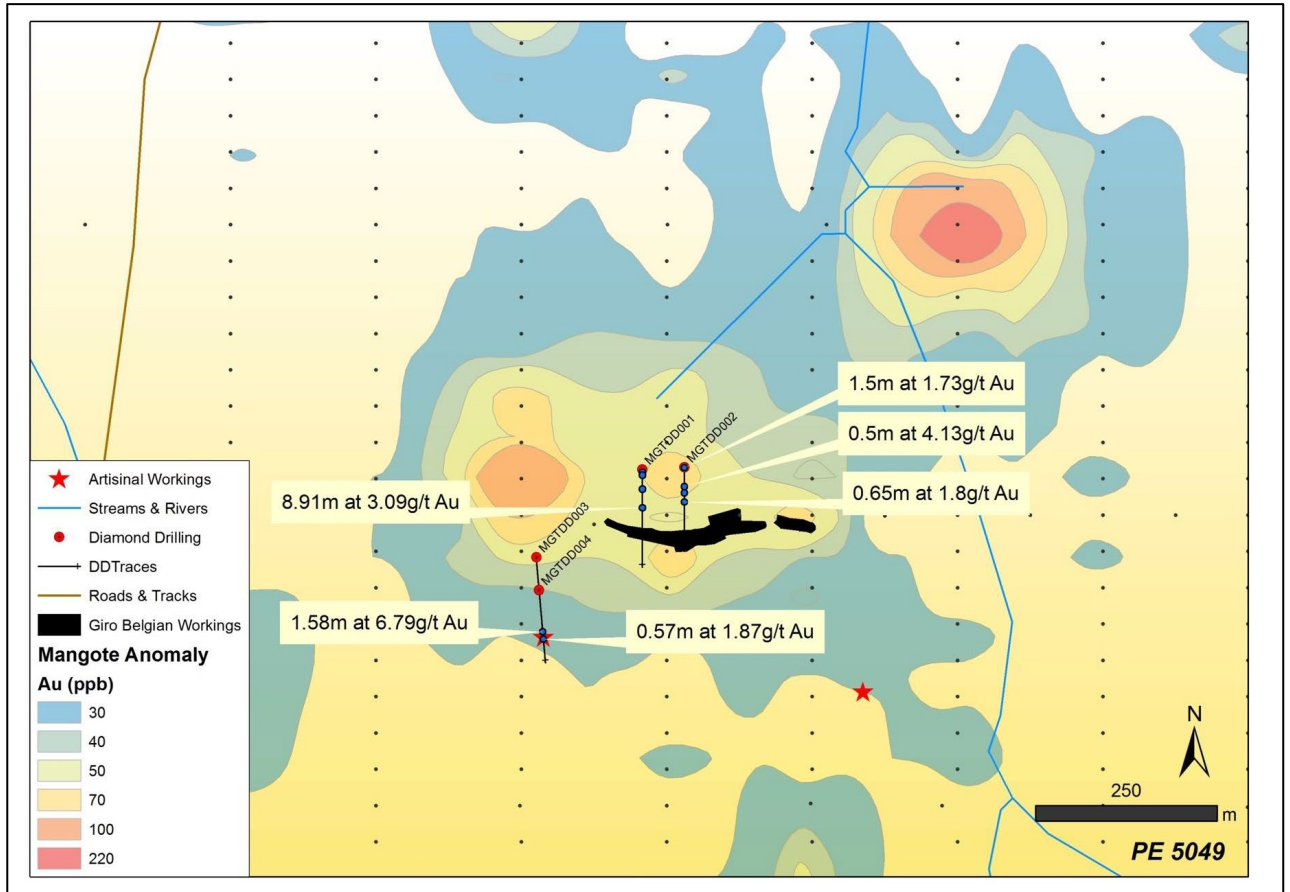
Source: Eckhof, 2017

## Mangote

The Mangote prospect is defined by two soil geochemical anomalies extending over approximately 1 km strike length (Figure 3-16) and trending in a northeasterly direction, with drilling by Amani targeting shallow gold mineralisation. The amplitude of the geochemical anomaly is between 50 ppb and 220 ppb Au (Eckhof 2017).

Jackson, Kwaku et al., (2016) propose that the irregular results from initial drilling may suggest that the veins pinch and swell, and that there may be up to 3 or 4 east-west vein sets up to 100 m apart, potentially lying between two bounding fault structures, similar to Kebigada.

The results reported by Amani are shown in Figure 3-16.



**Figure 3-16: Mangote geochemical anomaly and drilling**

Source: Eckhof, 2017

### Kolongoba

The Kolongo prospect is a relatively new exploration area reported by Amani in April 2017. The current focus is on soil geochemical sampling and geological mapping to define drill targets (Eckhof 2017). The location of the Kolongo prospect relative to the Douze Match area is shown in Figure 3-17.

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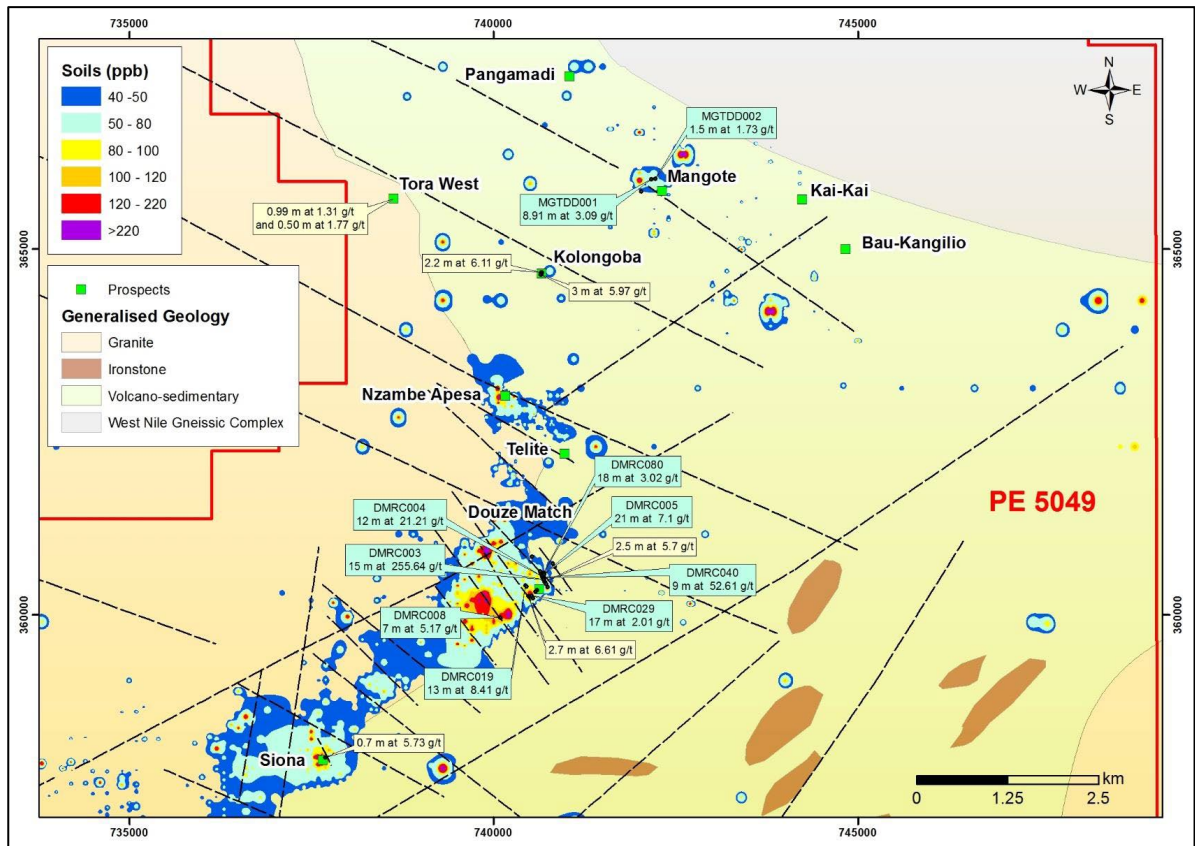


Figure 3-17: Kolongoba prospect location relative to Douze Match

### 3.2.12 Environmental and social

SRK is not aware of any formal environmental, ethnographic or archaeological surveys conducted at the Giro Project.

### 3.3 Regional Exploration

While Amani has recently considered the potential acquisition of other projects within the DRC, the Company does not currently hold any other tenure within its exploration portfolio.

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## 4 Site Inspection

Section 11 of the VALMIN Code (2015) requires a site inspection where it is likely to reveal information or data that is Material to a Public Report.

A site inspection of the Giro project was conducted by Dr H F J Theart of SRK Consulting (South Africa) Pty Ltd between the dates of 18 August 2017 and 23 August 2017, including travel to and from the project from Johannesburg. The visit was accompanied by the following Amani geologists namely: Messrs Thomas Bartel, Kwaku Agyei-Henaku, Nathan Ngwakala, and Roger Mutamba.

A summary report from this site inspection is provided below.

### 4.1 The Kebigada Resource

#### 4.1.1 Introduction and general geology

The only Mineral Resource declared to date is the Kebigada Resource in PE 5046. In addition, the Company also holds PE 5049, with a combined area of 497 km<sup>2</sup>. The two permits fall within the Moto Greenstone Belt with an approximately east west strike and affected by north-northwest shear zones. During the colonial era, the area was explored by the Belgians and presumably using stream sediment geochemical surveys most of the known mineralisation was discovered and originally developed. Subsequent to the 1998 war, the sites originally identified by the Belgians, were mined by artisanal miners. One of the larger Belgian mines was known as the Moto Mine near Watsa. This deposit is currently exploited by Randgold and is known as the Kibali mine. The two permits are located on a sub parallel shear system, east of the Kibali Shear. At Kebigada, the gold mineralisation is hosted in sheared volcanoclastic agglomerate and feldspar porphyry that originated as a crystalline tuff. The volcanic rocks belong to the Kilo Moto Greenstone belt and suffered greenschist metamorphic conditions. The volcanoclastic rocks display a foliation, which appear to have the same orientation as the original layering.

Various veins intersected the volcanic rocks oblique to the primary foliation. Gold mineralisation is principally related to quartz-pyrite chalcopyrite veins with a WNW-ESE orientation.

#### 4.1.2 Geological structure and classification

Gold is mainly related to sets of thin parallel quartz-pyrite veins with minor chalcopyrite. It is expected that these sets of veins parallel the master shear plains. Thicker quartz-carbonate-sulphide veins have also been observed with much higher grades, where mineralised. These veins appear oblique to the master shear direction and may be related to higher grade veins also explored in the past by the Belgians.

In the Kebigada area, the shear system is mineralised over a strike distance of approximately 1.3 km, and attains a maximum width of 400 m. The mineralisation is clearly open ended in depth but has been tested down to approximately 300 m below surface.

The gold mineralisation belongs to the shear zone hosted lode gold type of deposits hosted in Archean volcanic greenstone belts.

#### 4.1.3 Drilling

The drill lines were designed with a northeast-southwest orientation (azimuth 43°) and the holes were drilled with a disinclination of 60° in a northeast direction. Although the intersection with the dominant vein direction is not perpendicular, this presents a good compromise between what is practically possible and the orientation of the mineralisation.

Drilling was completed predominantly with RC methods in various phases (RC drilling). The current resource estimate is based on drill holes on a regular grid of approximately 100 m spacing and a heel-toe gap between the holes of 20 m to 40 m depending on the depth of the holes. Orientated core, diamond drill holes (DD) were planned to provide structural information from each line.

The objective of the DD holes was not to confirm the RC holes and were therefore not designed as twin drilling. However, where such holes are close enough to provide such information SRK observed significant differences (Line 450 N between GRRC161 and GRDD009). This is a source of concern that should be addressed.

Due to the steepness of the vein system intersected and the spacing and depth of the holes, continuity in depth could not be established in many instances, however, horizontal continuity between holes in the horizontal sense was confirmed.

SRK was not able to inspect the RC drilling process and was not presented with information to confirm the adequateness of sample recovery but assumes that this was generally good due to the low permeability of the saprolite. The feature that is often responsible for poor sample recovery is water; however, in this instance the drill rig coped with water influx and collected a mostly dry sample below the water table. In future, it is recommended that the sample mass is recorded (densities be obtained from a water pycnometer on site) and the calculated volume compared to the actual volume as an indication of recovery.

The recovery from the diamond drilling was observed to be excellent, particularly in the ferricrete and saprolite environments where triple tube core barrel design was used.

#### 4.1.4 Relative density

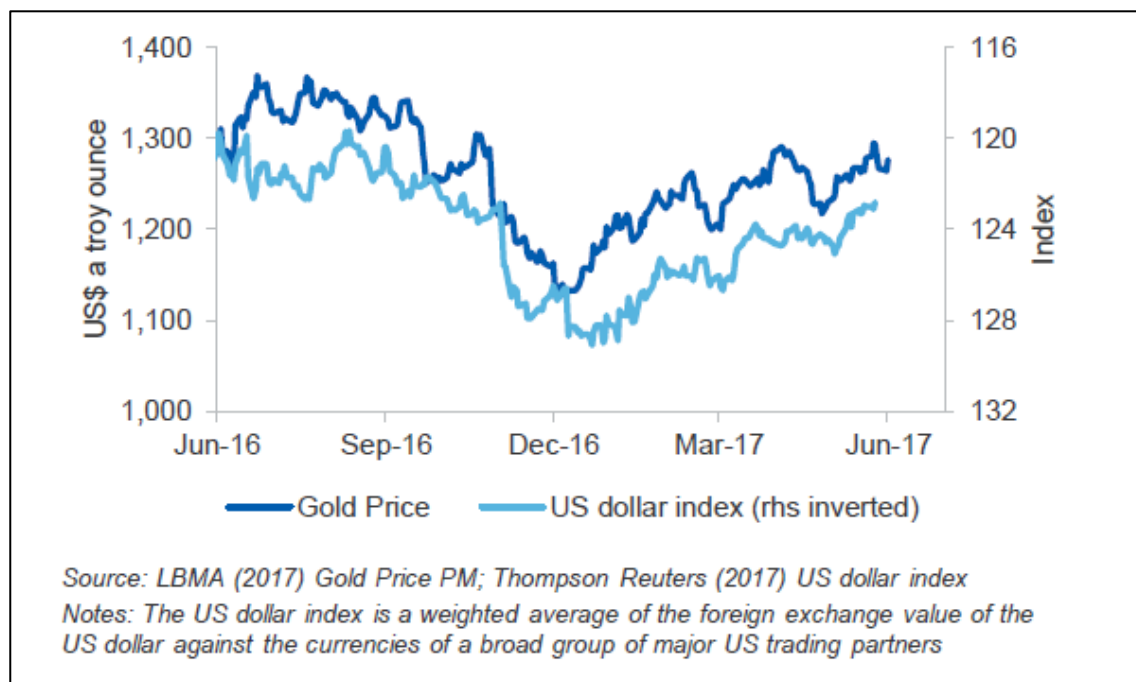
Relative density measurements were completed on site using an Archimedes bath. Although, the instrument was apparently regularly calibrated with standard weights, it is recommended that a QAQC procedure be designed with the regular measurement of duplicates (where the pair is measured, at least, a few days apart) and standards that can be comprised of clean quartz and one or more core samples. A record of this should be retained and interpreted similar to the treatment of a standard QAQC data set. One reason for concern is the density measurement of the ferricrete and saprolite units. Even though it could have been based on the core recovered as recommended in an earlier report by MSA, there was no indication that the material was dried in an oven at 110°C overnight to determine the moisture content and report a dry density. It is also recommended that this be compared to a few bulk determinations using the sand replacement method. This is particularly applicable in areas where the excavations of the artisanal miners provide the opportunity, but also with the caution that the moisture content be determined, and that the dry density be reported

#### 4.1.5 Chemical analyses

Initially, the samples were analysed at the Chemex ALS laboratory, and subsequently by SGS Lakefield in Tanzania. SRK has not audited the QAQC results of the chemical analyses, as this was the topic of an earlier MSA Report. However, SRK strongly recommends that future umpire comparison be based on pulp duplicate samples selected to represent the range of grades observed rather than randomly selected samples. This will indicate the accuracy of the respective labs, particularly if a range of CRMs is included to explore confidence over the range of measurements reported. It should also be confirmed that the independent differ from the within lab calibration standards. Independent QAQC and in-house laboratory QAQC should be clearly distinguished, and the laboratory accreditation for sample preparation and the selected analytical method should be stated.

### 4.1.6 Diamond core inspection

.real US treasury yields and geo-political concerns (Moloney 2017).



**Figure 4-1: Gold price vs US\$ index**

Geo-political uncertainties impacting on the gold price have included:

- Tension between the United States and Russia over the Syrian conflict
- The French Presidential election
- Tensions on the Korean peninsula.

Political concerns were offset during the June quarter, 2017 due to anticipated tightening of US monetary policy, with an expectation that US interest rates will continue to rise further this year. This in turn, will put downward pressure on gold prices.

### 4.1.7 Gold market outlook

Consumption of gold had declined 18% over the 12-months to the end of March 2017, largely due to declining central bank (falling 27%) and investor demand (falling 34%), with the Chinese central bank being largely absent from the market (Moloney 2017).

On the supply side, total gold supply fell by 12% over the 12-months to the end of March 2017, whilst recycling supply fell 21% over the same period. Due to the recent commissioning of new projects, world supply is forecast to increase 1.5% for the remainder of 2017, and then 2.3% in 2018, and then plateau over the next three years (Moloney 2017).

Overall the price of gold is forecast to average US\$1,254 per ounce during 2017 and then decrease 3.9% to an average of US\$1,205 during 2018 (Moloney 2017).

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## 5 Valuation

The objective of this section of the report is to provide BDO with a valuation of Amani's mineral assets, namely the Giro Project. SRK has not valued Amani, being the corporate entity, which is the beneficial owner of the mineral assets considered in this section of the report. SRK understands that this Valuation will be included in BDO's Independent Expert Report and as such is intended for public release.

In assessing the technical aspects relevant to this Valuation, SRK has relied on information provided by Amani, as well as information sourced from the public domain. All sources are listed in the bibliography.

### 5.1 Valuation approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, SRK considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted Valuation approaches:

1. Income Approach
2. Market Approach
3. Cost Approach.

The *Income Approach* is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property (VALMIN, 2015). Valuation methods that follow this approach include discounted cash flow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The *Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market (CIMVAL 2003). Methods include comparable transactions, metal transactions ratio (MTR) and option or farm-in agreement terms analysis.

The *Cost Approach* is based on the principle of contribution to value (CIMVAL 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the Mineral Property.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the property, and hence the amount and quality of the information available on the mineral potential of the property. Table 5-1 presents the various valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

**Table 5-1: Suggested valuation approaches according to Development status**

Valuation Approach	Exploration Projects	Pre-Development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).

The Market approach to valuation is generally accepted as the most suitable approach for valuation of a Mineral Resource Property or a Pre-Development Project.

An income-based method, such as a DCF model, is commonly adopted for assessing the Value of a Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is not considered an appropriate method for deposits that are less advanced, (i.e. where there is not a declared Ore Reserve and supporting mining and related technical studies). As this Valuation only considers Mineral Resources, income-based methods of valuation are not considered within the context of this Valuation.

The use of cost-based methods, such as considering suitable multiples of exploration expenditure, are best suited to exploration properties before Mineral Resources are reliably estimated. As current Mineral Resources have been declared for the Pre-Development and Advanced Exploration projects, cost-based methods of valuation are considered less suitable than market-based methods of valuation for these properties.

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (as defined below) of mineral assets using market derived data.

The “**Market Value**” is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Committee (IVSC) term of the same name.

The “**Technical Value**” is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset’s future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

Valuation methods are, in general, subsets of valuation approaches. For example, the Income Based Approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods, or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

An overview of a number of methods traditionally used to value exploration and development properties includes:

- Multiples of Exploration Expenditure (MEE)
- Joint Venture Terms Method (expenditure-based)
- Geoscience Ratings Methods (e.g. Kilburn – area-based)
- Comparable Market Value Method (real estate based)
- Metal transactions ratio (MTR) analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage - real estate based)
- Yardstick/ Rule of Thumb Method (e.g. US\$/resource or production unit, percentage of an in situ value)
- Geological risk method.



In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset, or property value in each of the various categories of development. In some instances, a particular mineral asset, property, or project may comprise assets which logically fall under more than one of the previously discussed development categories.

## 5.2 Valuation Basis

SRK has considered the declared Mineral Resources associated with Amani's landholdings and the areal extent and exploration potential of the granted tenure (Table 5-2).

**Table 5-2: Valuation basis of Amani's assets**

Mineral Asset	Tenements	Development Stage	Valuation basis
Kebigada	PE 5046 Exploitation Certificate CAMI/CE.4653/2008	Advanced Exploration	Declared Resources
Douze Match Giro Vein Adoku Peteku Mangote Kolongoba	PE 5046 Exploitation Certificate CAMI/CE.4653/2008 PE 5049 Exploitation Certificate CAMI/CE.4653/2008	Early Stage Exploration	Exploration Potential

SRK has been advised by Amani that there are no other exploration tenements on foot either granted or under application.

## 5.3 SRK's valuation technique

In estimating the value of Amani's assets as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015).

The valuation method applied depends on the relative maturity of assessment for each asset, as well as the amount of available data supporting the project. In preparing its valuation of Amani's assets, SRK has considered the three main approaches (income, market, and cost) as well as the available methodologies under each approach.

### 5.3.1 Valuation of Kebigada Resources

For the valuation of the stated Kebigada resources, SRK has carried out an analysis of market transactions using the comparable transaction method, involving the compilation of sales data relating to similar mineral assets within the DRC, Tanzania, and the broader West African Craton.

This primary valuation approach was then cross-checked against the valuation range obtained using the Yardstick valuation approach.

### 5.3.2 Valuation of Exploration Targets

SRK has also considered the exploration potential of the tenure outside the known resource areas by analysis of market transactions involving similar mineral assets in the DRC, Tanzania, and the broader West African Craton.

Under most circumstances, this valuation would be compared to a cost based approach using previous expenditures on the tenements to determine a Multiples of Exploration Expenditure Valuation. SRK was not able to derive a reliable cost estimate of expenditure from the Independent Legal Review commissioned by Amani, and therefore this approach was not possible.

These methods helped inform the valuation range considered, however, SRK's selected Preferred Value was determined through consideration of various factors including, but not limited to development status, exploration results, geology, structure, alteration, potential for by-products, supporting infrastructure, proposed exploration plans going forward, and likely exploration spend.

## 5.4 Valuation of Amani's Mineral Assets

### 5.4.1 Mineral Resources

#### Sales Analysis

The Kebigada Mineral Resource was updated by MSA on 8 August 2017, and includes a sizeable resource inventory, albeit that most of the stated resources are currently classified as Inferred material. As such, SRK considers the Kebigada prospect to represent an Advanced Exploration project, where no definitive technical studies have been completed on metallurgy, optimisation of the resource, and the techno-economic viability remains to be assessed under various potential processing options.

As discussed in Section 3.2.8 above, SRK considers that the reported Mineral Resources may overstate the contained metal due to grade smearing, particularly in the Inferred material. As such, a global adjustment within the range of -5 percent to -20 percent, was recommended to be applied to the stated Inferred material for valuation purposes. Therefore, SRK has reduced the Inferred Resource metal by 12.5% to take into account these issues within the resource model. As a result, SRK has adopted a total resource base of 1.97 M ounces to value Amani's stated resources on a 100% basis.

SRK identified a number of transactions involving similar gold resources to that at Kebigada to support the valuation of the SRK-modified Kebigada Mineral Resource (Table 5-3). Due to the limited number of recent transactions (two in the last four years) in the DRC, a broader group of transactions from the West African Craton and Tanzania were included to ensure statistical validity.

Analysis of these transactions and their implied multiples was carried out by SRK using the prevailing spot prices for gold as at the date of the transaction. As part of this analysis, transactions were normalised based on the variation in gold price between the transaction date and the valuation date.

Following a detailed review of the transactions in Table 5-3, the following factors were considered as modifiers to the transaction value:

- Due to the limited number of recent transactions, there was a significant variance in the derived sales multiples
- Most of the projects considered were more advanced than Amani's Giro project, some having defined reserves
- The location of the Giro project within the DRC and its relative geopolitical standing.

**Based on its analysis of recent sales involving similar assets to the Kebigada deposit, SRK considers that a willing and knowledgeable buyer would ascribe the stated Mineral Resources a value of between US\$10.96 to US\$16.30 per troy ounce of gold. These values represent the median (lower) and average (upper) values for the analysed transactions. Applying these metrics to the in situ gold ounces of 1.97 Moz Au implies a value range of US\$21.59 M to US\$32.11 M on a 100 percent basis.**

**Table 5-3: Resource based comparable transactions**

Announce. Date	Project / Company Name	Country	Implied 100% Value (US\$M)	Resource at 100% (Mt)	Au Grade (g/t)	Au Troy Oz	% inferred	Raw \$/oz Au	Normalised \$/oz Au
1/06/2015	Akoase project	Ghana	8.0	20,600,000	1.20	794,766	100	10.07	10.74
28/05/2014	Guiro gold mine	Burkina Faso	2.8	270,000	11.00	95,488	100	29.35	28.70
6/02/2015	Balogo project	Burkina Faso	9.8	850,000	6.80	185,831	100	52.76	54.18
27/04/2016	Julie West project	Ghana	0.3	487,100	4.24	66,401		4.00	4.06
9/08/2016	Eight prospecting licenses Kubi		18.0	1,990,000	5.44	348,051	34	51.72	48.63
14/07/2016	Anumso gold project	Ghana	4.4	2,545,000	2.04	166,675	74	26.67	25.14
24/05/2016	Bondi project	Burkina Faso	5.1	6,600,000	1.99	422,268	38	12.07	12.07
26/10/2016	Akoko project	Ghana	0.5	1,540,000	1.86	92,291	59	5.42	5.39
29/02/2016	Youga mine	Burkina Faso	28.1	20,900,000	1.42	950,809	15	29.57	31.06
22/05/2014	Enchi gold project	Ghana	8.6	20,816,000	1.15	769,637	100	11.21	10.96
22/05/2014	Enchi gold project	Ghana	4.2	20,816,000	1.15	769,637	100	5.50	5.38
3/03/2016	Korongou project	Burkina Faso	2.9	8,838,000	2.00	568,296	EXP T	5.18	5.24
28/09/2016	Mpokoto project	Dem. Rep. Congo	5.0	14,580,000	1.45	679,698	100	7.36	6.99
24/04/2013	Manjaro	Tanzania	23.1	15,950,000	2.02	1,035,977	N/A	22.25	18.85
22/09/2015	Nyanzaga project	Tanzania	20.0	100,390,000	1.30	4,195,894	3	4.77	5.34
15/11/2013	Mpokoto	Dem. Rep. Congo	0.9	7,200,000	1.65	381,951	25	2.33	2.31
1/09/2014	Kisenge	Dem. Rep. Congo	4.8	7,200,000	1.65	381,951	25	12.58	12.82
13/04/2017	Victoria gold project	Tanzania	4.0	32,739,000	1.22	1,287,308	100	3.11	3.09
10/08/2016	Matala project	Dem. Rep. Congo	2.0	2,000,000	3.30	212,195	100	9.24	8.69
28/12/2016	Matala project	Dem. Rep. Congo	3.4	2,000,000	3.30	212,195	100	15.94	17.36
15/11/2013	Tulawaka	Tanzania	6.4	1,172,000	6.64	250,124	18	25.70	25.39

Minimum	2.31
Median	10.96
Average	16.30
Maximum	54.18

## Yardstick

As a cross-check on its implied value using comparable transactions, SRK has also considered a yardstick value per ounce of gold in resource for its valuation of the Kebabada deposit. Under the yardstick method of valuation, specified percentages of the spot price are used to assess the likely value. Commonly used yardstick factors are:

- Measured Resources: - 2% to 5% of the spot price
- Indicated Resources - 1% to 2% of the spot price
- Inferred Resources - 0.5% to 1% of the spot price.
- Exploration Targets - <0.5% of the spot price.

Adopting the LBMA US\$ gold spot price of US\$1,285.90 (AM Fix) as at the 25 August 2017, the US\$/oz values shown in Table 5-4 should be applied.

**Table 5-4: Yardstick assumptions**

	Percentage of spot price		US\$/oz Au	
	Low	High	Low	High
Measured	2%	5%	25.7	64.3
Indicated	1%	2%	12.9	25.7
Inferred	0.5%	1%	6.4	12.9
Exploration Target	0.1%	0.5%	1.3	6.4

**Using a Yardstick approach, SRK's Preferred Value for a 100% interest in Amani's Kebabada resource (Indicated and Inferred Resource totalling 1.97 Moz) is estimated to reside within a valuation range of US\$17.9 M to US\$35.8 M.**

## Summary

While producing a wider range of values than the sales analysis, the Yardstick method provides broadly similar market values for the Kebabada resource. As such, SRK considers that the average of both methods provides a reasonable estimate of the likely market value.

**Based on the results of SRK's analysis of recent market transactions involving resource projects considered to be similar to the Kebabada deposit, and the use of the Yardstick approach, SRK estimates the value of a 100% interest in the in-situ Mineral Resources at Kebabada resides in the range US\$19.7 M to US\$34.0 M, with a preferred value of US\$26.8 M.**

**SRK's preferred value represents the midpoint between the upper and lower values of the range.**

### 5.4.2 Exploration potential

In addition to the Kebabada resource, which SRK estimates to have an area extent of approximately 2 km<sup>2</sup>, SRK considers that the remaining area of the Giro Project tenure offers additional exploration potential. SRK estimates that the area not covered by the current resource estimate is approximately 495 km<sup>2</sup>

Based on its review of the available technical data, SRK considers that a willing and knowledgeable buyer would consider the exploration ground across the Giro project tenements prospective for additional shear-hosted gold mineralisation. SRK anticipates that with a continued focus on exploration and an appropriate budget, there is a reasonable likelihood for both 1) upgrading a portion of the existing resources to reserve status, and 2) defining additional mineralisation, some of which is likely to be of sufficient tonnage and grade to add to the current resource base and to support potential mining and processing operations.

A number of transactions have been identified to support the valuation of the Giro Project's exploration potential (Table 5-5). Due to the limited number of recent transactions in the DRC, a broader group of similar transactions was used from projects across West Africa, DRC and Tanzania.

Analysis of these transactions and their implied US\$/km<sup>2</sup> multiples was carried out by SRK. As part of this analysis, these transactions were normalised based on the variation in gold price between the transaction date and the valuation date. SRK considers that the median and weighted average values represent reasonable estimates of the range of likely market values. The implied value from these transactions is shown in Table 5-6.

**Table 5-5: Implied value of Amani's exploration prospects**

Project	Licence	Area (km <sup>2</sup> )	Assigned Value (US\$/km <sup>2</sup> )		Implied Value (US\$)	
			Low	High	Low	High
Giro Vein Adoku Petuku	PE 5046 Exploitation Certificate CAMI/CE.4653/2008	180	7,003	8,292	1,261,000	1,492,000
Douze Match Mangote Kolongoba	PE 5049 Exploitation Certificate CAMI/CE.4653/2008	315	7,003	8,292	2,206,000	2,612,000
<b>Total</b>		<b>495</b>			<b>3,467,000</b>	<b>4,104,000</b>

**Using factors derived from recent market transactions, SRK considers the exploration potential associated with the Giro Project on a 100 percent basis resides between US\$3.5 M to US\$4.1 M, with a preferred value of US\$3.8 M.**

**This range is considered reasonable given the in situ Mineral Resources have been valued separately, the geo-political risk, the overall size of the land holding and the results encountered to date.**

### 5.4.3 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed.

Having asked the question of Amani, SRK is not aware of any previous valuation having been conducted on the mineral assets which are the subject of this Report.

**Table 5-6: Area based comparable transactions**

Announce. Date	Project / Company Name	Country	Implied 100% Value (US\$M)	Project Area 100% (km <sup>2</sup> )	US\$/km <sup>2</sup>	Normalised US\$/km <sup>2</sup>
1/06/2015	Akoase project	Ghana	8.00	28.51	280,603.30	299,308.60
28/05/2014	Guiro gold mine	Burkina Faso	2.80	65.00	43,109.40	42,156.72
27/04/2016	Julie West project	Ghana	0.27	146.00	1,820.08	1,846.45
9/08/2016	Eight prospecting licenses Kubi		18.00	308.00	58,441.56	54,956.88
14/07/2016	Anumso gold project	Ghana	4.44	29.63	149,998.13	141,425.68
22/05/2014	Enchi gold project	Ghana	8.63	696.00	12,392.39	12,118.53
22/05/2014	Enchi gold project	Ghana	4.24	696.00	6,085.84	5,951.35
21/03/2016	Houko permit	Burkina Faso	0.11	30.00	3,754.15	3,799.74
23/03/2016	Bouboulou gold concession	Burkina Faso	0.56	38.30	14,601.09	14,778.39
8/11/2016	Dormaa project	Ghana	0.24	86.44	2,763.28	2,812.17
25/11/2014	Ndongo North	Ghana	0.20	64.00	3,063.73	3,285.11
22/07/2015	Salman South and Mame Gold projects	Ghana	0.83	67.70	12,311.73	13,751.53
8/09/2016	Keyhole gold project	Ghana	0.18	2.52	69,444.44	65,971.20
10/08/2015	Betanase concession	Burkina Faso	2.00	12.00	166,666.67	187,885.94
25/01/2017	Gbane project	Ghana	1.89	3.50	540,581.43	571,489.93
9/04/2015	Bongui and Legue permits	Burkina Faso	0.07	233.00	286.12	300.76
22/11/2016	Niangouela concession	Burkina Faso	1.41	178.00	7,900.12	8,039.90
22/07/2016	Frontier project	Burkina Faso	0.30	500.00	600.00	565.71
28/04/2015	Garsay permit	Burkina Faso	1.18	165.74	7,119.59	7,483.78
9/04/2015	Central Houndé project	Burkina Faso	2.94	474.00	6,205.01	6,522.42
12/03/2012	Bongui and Legue permits	Burkina Faso	0.34	233.00	1,474.38	1,110.13
16/03/2015	Pinarello and Konkolikan projects	Burkina Faso	0.78	914.00	858.11	917.54
27/11/2014	South Hounde project	Burkina Faso	16.00	814.00	19,656.02	21,076.37
17/11/2014	Kerboule gold project	Burkina Faso	0.54	399.50	1,351.69	1,449.36
16/07/2014	Diakouli exploration license	Burkina Faso	1.31	250.00	5,250.00	5,048.39
6/10/2016	Prospecting licences	Tanzania	0.40	0.72	555,555.56	552,914.40
21/01/2013	Block 14	Sudan	13.57	3,747.00	3,621.95	2,730.26
14/05/2013	Mabale Hills		0.29	261.00	1,111.11	990.28
31/03/2017	Additional tenements	Tanzania	0.008	202.85	37.65	38.53
6/10/2016	Uyowa and Kahama gold projects	Tanzania	1.90	50.11	37,929.79	37,749.47
14/09/2016	Maniema property	Dem. Rep. Congo	10.64	500.00	21,272.13	20,208.21
22/09/2015	Nyanzaga project	Tanzania	20.00	299.00	66,889.63	74,947.17
1/09/2014	Kisenge	Dem. Rep. Congo	4.81	890.00	5,399.10	5,502.62
13/04/2017	Victoria gold project	Tanzania	4.00	280.00	14,285.71	14,211.07
10/08/2016	Matala project	Dem. Rep. Congo	1.96	1,967.00	996.84	937.40
28/12/2016	Matala project	Dem. Rep. Congo	3.38	1,967.00	1,719.70	1,872.60

Minimum	39
Median	7,003
Weighted Avg (by Area)	8,292
Maximum	571,490

## 6 Valuation Summary

BDO Corporate Finance (WA) Pty Ltd (BDO) commissioned SRK Consulting Australia Pty Ltd (SRK) to prepare an Independent Specialist Report incorporating a technical assessment and valuation of the mineral assets held by Amani Gold Limited (Amani). This Report has been prepared under the guidelines of the VALMIN Code (2015), which incorporates the JORC Code (2012).

For this value opinion, SRK conducted a high-level review of the available technical information as supplied by Amani, for the purpose of determining the validity of such information from a valuation perspective.

As discussed in Section 3.2.8, SRK considers that the reported Mineral Resources may overstate the contained metal due to grade smearing, particularly in the Inferred material. As such, a global adjustment within the range of -5% to -20% is required to the Inferred material for valuation purposes. SRK has reduced the contained metal classified as Inferred Resource by 12.5% to take into account these issues within the resource model. Therefore, a total resource base of 1.97 Moz Au has been adopted for the consideration of value of Amani's resources on a 100% basis.

Where possible, SRK considers a number of valuation methods in any mineral asset valuation. The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

SRK has recommended a preferred value and value ranges for the Giro Gold Project on the basis of Mineral Resources and the areal extent of tenure. SRK has recommended value ranges for Advanced Exploration and Exploration areas on the basis of an analysis of recent comparable transactions involving narrow vein gold projects in Western and Central Africa.

SRK's opinion regarding the likely value ranges and preferred value is summarised in Table 6-1. The positioning of SRK's selected valuation range and preferred value are explained elsewhere in this report.

**Table 6-1: Summary of SRK's valuation of a 100% interest in the Giro Gold Project as of 25 August 2017**

Value Centre	Low (US\$)	High (US\$)	Preferred (US\$)
Mineral Resource	19.7 M	34.0 M	26.8 M
Exploration Potential	3.5 M	4.1 M	3.8 M
<b>Total</b>	<b>23.2 M</b>	<b>38.1 M</b>	<b>30.6 M</b>

Any discrepancies between values in the table are due to rounding.

**SRK's value opinion is conditional on Amani securing a further extension amendment to the Association Agreement with its JV partner Sokimo. Until this amendment is extended there is a substantial risk to the security of the Giro Gold Project tenure. Should Amani not succeed in obtaining this amendment then Amani's attributable interest in the Giro Gold project would be reduced to zero.**



Project Number: BDO007

Report Title: Independent Technical Assessment and Valuation of  
Amani Gold Limited's Giro Gold Project

**Compiled by**



Craig Moulton  
Principal Consultant

**Peer Reviewed by**



Jeames McKibben  
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## Appendices

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**Appendix A: Legal Opinion of Tshibangu Ilunga & Partners**

# Tshibangu Ilunga & Associés SCA

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Kinshasa, 25 August 2017

N/Réf: TI&A/BTI/CLR/0178/08/17

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Dear Sirs,

**Re: Report of the good standing of corporate matters and tenements (Licences n°5046 and 5049)**

This report has been commissioned by AMANI GOLD Limited. The report is required by Mr. Craig Moulton of SRK Consulting (Australasia) Pty Ltd, who have been engaged to carry out a technical assessment and valuation of Amani Gold Limited's mineral interests for the purposes of a capital raising transaction. We accept and acknowledge that SRK Consulting (Australasia) Pty Ltd will rely on our legal opinion report and may make reference to it in their report.

The matters requiring to be addressed by us in this legal opinion report were identified by Mr. Moulton and are noted below together with our findings and opinions:

## OWNERSHIP

### \* An overview of the corporate ownership structure of the tenements.

The tenure to the Giro Gold Project (constituting of the mining licences n0.5046 and n0.5049) is legally owned by GIRO GOLDFIELDS SARL ("GIRO"). GIRO is a joint venture company between AMANI CONSULTING SARL (65% of the share capital) and LA SOCIÉTÉ MINIÈRE DE KILO MOTO SA ("SOKIMO") (35% of the share capital). The GIRO joint venture is constituted under the terms and conditions of a shareholders agreement ("Association Agreement") between AMANI CONSULTING SARL and SOKIMO, dated 3 January 2012 with various amending agreements thereafter.

AMANI GOLD Limited is a shareholder in the corporate share capital of AMANI CONSULTING SARL, which is structured as follows:

- AMANI GOLD Ltd : 85% of the share capital;
- Mr. Cong Mao Huai : 13,5% of the share capital;
- Mr. MBAYA BAMUANYA Didier : 0,7% of the share capital;
- Mr. MWANZA NSHIMBA : 0,8% of the share capital.

Therefore AMANI GOLD Ltd interest to the tenure is about 55.25% of the whole.

<sup>1</sup>Barreau de Kinshasa/Gombe - <sup>2</sup>Barreau de Kinshasa/Matete - <sup>3</sup>Mandataire en propriété industrielle - <sup>4</sup>Conseil fiscal  
La présente correspondance n'est valable que si elle porte le sceau officiel du Cabinet

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**\* Legal opinion on ANL's legal and beneficial interest in the tenements.**

The tenements originate from the ownership of SOKIMO (a state owned company). This partner has entered an agreement with AMANI CONSULTING SARL thanks to which agreement they have set up GIRO so as the latter can mine the deposit until the expiration of the mining licence and renewal. However, AMANI CONSULTING SARL and GIRO were bound to provide feasibility studies by January 2014. This time limit has been extended via the amendment entered into by parties on 4 August 2014. As the 3rd amendment was due to expire on 4 February 2017, another amendment has been under negotiation between the parties. We understand from correspondence issued by SOKIMO that it has agreed in principle to a two year extension effective from the date amending documents are executed by all parties. As at the date of this legal opinion, amending documents have not been executed (nor have any drafts been provided to us) and we highlight this as a risk to AMANI CONSULTING SARL'S tenure in the Giro Gold Project.

**\* Description of the tenements and a summary of the requirements and obligations for ownership of this tenement under DRC law.**

The mining Licence n0 5046 covers a 181.95km<sup>2</sup> perimeter located in the Territory of Watsa, District of Haut UELE, Oriental (Eastern) Province in DRC. The coordinates of the perimeter are mentioned in the survey map appended to the Exploitation Certificate n0. CAMI/CE/4653/2008 dated March 22, 2008 This License is granted for gold and silver. From its renewal, it has been extended for a 15 year validity period running from 12 May 2014 to 11 May 2029.

The mining Licence n0 5049 covers a 315.11km<sup>2</sup> perimeter located in the Territory of Watsa, District of Haut UELE, Oriental (Eastern) Province. The coordinates of the perimeter are mentioned in the survey map appended to the Exploitation Certificate n0. CAMI/CE/4652/2008 dated March 22, 2008. This Licence is granted for gold and silver. From its renewal, it has been extended for a 15 year validity period running from 12 May 2014 to 11 May 2029.

**OBLIGATIONS UNDER DRC LAW**

Mainly:

**1. Payment of Annual Surface Rights (section 198 of the mining Code)**

Subject to forfeiture, the holder of a Licence needs to meet the obligation of paying the surface rights per annum in order to maintain the License in validity.

**- Environment Obligation (section 204 of the mining Code)**

The title holder is in charge of environment obligation: provide a feasibility study showing the commitment to protect the environment, describing the ecosystem before the mining operation emphasizing the aspects likely to be impacted. Further it must show the measures to protect the environment, limit or avoid the pollution, to rebuild the site and present the control measures.

**GOOD STANDING**

\* A summary of the current good standing of the tenements, compared to the above requirements and obligations.

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Based on our enquiries with the Cadastre Minier (CAMI), our review of payment records for the annual licence surface fees and discussions with personnel from AMANI CONSULTING SARL and GIRO, we are of the opinion that the licences are in good standing.

\* A description of any enforceable rights or securities that ANL has over the tenements via caveats or other instruments?

The Association Agreement, forming a contract between AMANI CONSULTING SARL and SOKIMO, provides ANL (through its ownership of AMANI CONSULTING SARL) with enforceable rights over the Giro Gold Project. The enforcement of these rights is of course subject to the DRC legal system.

\* Good standing of the legal entities.

Based on our review of the corporate records of AMANI CONSULTING SARL and GIRO GOLDFIELDS SARL, and discussion with the personnel of these entities, we are of the opinion that the two entities are in good standing. Our enquiries have not revealed any legal actions or claims against the entities. Further, the entities have met the legal conditions under the OHADA legislation since 12 September 2012.

#### **THE ASSOCIATION AGREEMENT**

\* What are the conditions for a breach of the agreement, what rights does ANL have for remediation of a breach?

Under the terms and conditions of the Association Agreement, there are a number of positive obligations imposed on AMANI CONSULTING SARL. The primary obligations include a requirement to fund exploration activity on the Giro licences and keep the licences in good standing. A further key obligation is the requirement for completion of a feasibility study at the Giro Gold Project. From the review carried out by us, including review of receipts issued by CAMI, to the best of our knowledge, AMANI CONSULTING SARL is in compliance with its primary obligations under the Association Agreement with one significant exception (see below). Upon enquiry, SOKIMO has not issued any notices of breach.

As previously noted, AMANI CONSULTING SARL is in breach of its obligation to complete a feasibility study at Giro Gold Project by February 2017 however SOKIMO has not issued a notice of breach. SOKIMO is required to provide a six month notice of termination of the Association Agreement for this breach, however the breach would be remedied if AMANI CONSULTING SARL is able to deliver a feasibility study before expiry of the six month notice period. Again, as previously noted, we have seen documents confirming that the parties have been in negotiation for an extension to the deadline for the feasibility study. However, as at the date of this report, we have not seen any executed agreement for an extension of the feasibility study completion date and the issue of a breach notice by SOKIMO remains a risk.

\* Similarly what are the grounds and consequences for termination of the agreement?

If ANL wants to terminate the Association Agreement, it will face no conditions other than lose the project interest through the loss of the shareholding in GIRO. Further, SOKIMO or GIRO are not liable to repay anything. SOKIMO, at its discretion, may in that case arrange for the licences to be transferred back to it by application to CAMI.



This will happen in case of winding up or liquidation or termination by ANL.

SOKIMO cannot terminate the agreement without cause and as long as AMANI CONSULTING SARL does not breach any material terms of the agreement. As noted elsewhere, termination by SOKIMO after giving proper notice of breach of the requirement to complete the feasibility study remains a risk. Should a notice be issued and not be remedied, AMANI CONSULTING SARL would potentially lose its existing exclusive rights to explore and develop the Giro Gold Project..

Sincerely

By 

**Benoit TSHIBANGU ILUNGA**

Lawyer, Founder Partner

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## SRK Report Client Distribution Record

Project Number: BDO007

Report Title: Independent Technical Assessment and Valuation of Amani Gold Limited's Giro Gold Project

Date Issued: 10 October 2017

Name/Title	Company
Stuart Moore	BDO Corporate Finance (WA) Pty Ltd

Rev No.	Date	Revised By	Revision Details
0	29/08/2017	Craig Moulton	Draft Report issued
1	30/08/2017	Craig Moulton	Revised draft report issued
2		Craig Moulton	Revised draft report issued
3	5/10/2017	Craig Moulton	Revised draft report issued
4	10/10/2017	Craig Moulton	Final Report
5	10/10/2017	Jeames McKibben	Final report reissued

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**MOBILE DEVICE VOTE**

Lodge your proxy by scanning the QR code below, and enter your registered postcode. It is a fast, convenient and a secure way to lodge your vote.



**ANNUAL GENERAL MEETING - VOTING/PROXY FORM**

I/We being shareholder(s) of Amani Gold Limited and entitled to attend and vote hereby:

**APPOINT A PROXY**

The Chairman of the meeting **OR**



**PLEASE NOTE:** If you leave the section blank, the Chairman of the Meeting will be your proxy.

If no individual(s) or body corporate(s) is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **Holiday Inn Perth City Centre, 778 – 788 Hay Street, Perth, Western Australia, on 30 November 2017 at 2pm (WST)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 and Resolution 9 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chairman. The Chairman of the Meeting intends to vote all undirected proxies available to them in favour of each Item of Business to the extent permitted by law.

**VOTING DIRECTIONS**

**Agenda Items**

		For	Against	Abstain*			For	Against	Abstain*
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	Ratification of Share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Mr M Calderwood as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	Ratification of Share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Mr Q Yu as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	Approval in relation to Subscription Agreement with Luck Winner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Re-election of Mr S Fu as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	Renewal of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Re-election of Mr S L Chan as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)  Joint Shareholder 2 (Individual)  Joint Shareholder 3 (Individual)   
 Sole Director and Sole Company Secretary  Director/Company Secretary (Delete one)  Director

This form should be signed by the shareholder. If a joint holding all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

For Personal Use Only STEP 1 STEP 2 STEP 3

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

(b) Return both forms together.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

### CHANGE OF ADDRESS

Your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chairman as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman will be your proxy.

### DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not vote on a poll in accordance with your directions or does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting, who is required to vote the proxies as directed.

### VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as they choose to the extent they are able. If you mark more than one box on an item, your vote on that item will be invalid.

### PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chairman) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolution 1 and Resolution 9, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolution 1 and Resolution 9

**PLEASE NOTE:** If you appoint the Chairman as your proxy (or if he is appointed by default) but do not direct him how to vote on an item (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that item), you will be expressly authorising the Chairman to vote as he sees fit on that item.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy, you must:

(a) On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

### CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

Where the holding is in one name, the security holder must sign.

#### Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

#### Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### LODGE YOUR VOTE

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 2 pm (WST) on 28 November 2017, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



#### ONLINE VOTE

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



#### BY MAIL

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or  
PO Box 1156, Nedlands WA 6909



#### BY FAX

+61 8 9262 3723



#### BY EMAIL

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)



#### IN PERSON

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or



#### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033