

Amani Gold Limited

and its controlled entities

(ABN 14 113 517 203)

(Formerly Burey Gold Limited)

Half Year Report
31 December 2016

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity, comprising Amani Gold Limited (the "Company") and its controlled entities (collectively "Amani" or the "Group") for the half year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

| | |
|------------------------|------------------------|
| Klaus Peter Eckhof | Chairman |
| Susmit Mohanlal Shah | Non-executive director |
| Kevin Peter Thomson | Non-executive director |
| Mark Andrew Calderwood | Non-executive director |

Results

The consolidated profit for the half year after tax was \$837,735 (2015 consolidated loss: \$10,245,904). The profit for the reporting period includes \$1,991,919 recognised as a gain on the disposal of subsidiaries in Ghana and Guinea. This gain primarily comprises a historical foreign currency translation gain of \$2,062,807, which was transferred from the foreign currency translation reserve to profit and loss for the period as a result of the disposal of the West African subsidiaries.

Review of Operations

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

The Giro Gold Project comprises two exploitation permits covering a surface area of 497km² and lies within the Kilo-Moto Belt, a significant under-explored greenstone belt which hosts Randgold Resources' 16-million ounce Kibali group of deposits, lying approximately 35km from Giro. Kibali produced 642,720 ounces of gold in 2015, its first full year of operation, confirming a favourable mining environment in the region.

During the period, Amani completed Reverse Circulation ("RC") and diamond drilling programs on its Kebabigada and Douze Match Prospects. Regional and infill soil sampling programs over defined gold in soil anomalies are ongoing with full coverage of both PEs 5046 and 5049 expected during the second Quarter 2017.

Kebabigada Prospect

Amani completed the planned resource infill drilling program at Kebabigada during the period with most results reported during the December 2017 quarter and the remaining results reported in January 2017. 45 RC holes were completed for 5,282m and 5 diamond holes were drilled for 1,569m to better understand the structural controls on mineralisation at Kebabigada. Significant results included:

- GRRC172: 31m at 2.41g/t Au from 110m including 18m at 3.31g/t Au from 122m
- GRRC189: 105m at 1.2g/t Au from 40m including 9m at 3.26g/t Au from 101m (ending in mineralisation)
- GRDD010: 31.9m at 4.8g/t Au from 171m including 14m at 10.05g/t Au from 188m and 1m at 114g/t Au from 192m

Results from the infill drilling program have confirmed the robustness of mineralisation within the Kebabigada Prospect. Drilling to date has shown that mineralisation remains open below vertical depths of 250m and on strike for more than 1,500m. Results further suggest that the high grade mineralisation is better developed further east over the northern portion of defined mineralisation and will be followed up with additional drilling.

Drilling has also confirmed that the Kebigada shear zone is bounded by a NNW trending high grade shear to the west having the same orientation as the 35km mineralised corridor which transgresses both licences. Significant grades from the bounding shear announced previously include 6m at 22.68g/t Au (GRRC064 - Line 1000) and 16m at 3.95g/t Au (R02 - Line 550).

Additional follow up holes have been planned to define the limits on strike and across the zone of mineralisation. In addition, a shallow scout RC drilling program has been planned to follow up on significant gold in soil anomalies (>100ppb) identified in close proximity to Kebigada. The scout drilling program has the potential to identify a number of satellite zones of mineralisation peripheral to the main Kebigada Prospect.

The MSA Group from Johannesburg, South Africa, has been appointed to prepare the maiden inferred mineral resource estimate at Kebigada. Its personnel concluded a field visit in late 2016 in preparation for the resource estimate at Kebigada. As announced on 15 February 2017, tighter spaced infill drilling over the area where significant mineralisation has been identified is required to better define high grade zones, to consolidate results and provide resource confirmation in certain areas. This new infill drilling is presently underway and a maiden mineral resource estimate is expected to be completed in the second quarter of 2017.

Metallurgical test work of material from Kebigada using simple carbon-in-leach (CIL) processing returned gold recoveries of 91% (oxide) and 90% (sulphide). Results of gravity separation of the three samples showed that the oxide sample had the lowest gold recovery of 25% while recoveries double (47-57% respectively) in the sulphide concentrate fractions. The high gold recoveries suggest that the material is amenable to upgrading by gravity separation.

QEMSCAN gold deportment studies showed gold grains in the oxide sample were generally <20 microns, whereas gold in the sulphide samples were generally coarser than 20 microns. Recoveries in the oxide material can therefore be improved by applying a finer grind to the concentrate.

Pyrite is the dominant sulphide mineral comprising 98-99% of the gravity concentrate. The balance is comprised mostly of chalcopyrite.

Douze Match

At Douze Match, 144 shallow scout RC holes were completed for 7,056m and 6 diamond holes completed for 1,186m. Holes were planned to test the strike extent of significant mineralisation intersected in the Tango shear where the Belgians mined historically, the granite/volcanic contact zone which extends for a further 6km beyond the Siona workings to the southwest and high grade soil anomalies within the granites.

The Tango shear was targeted with two diamond holes, DMDD001 and DMDD002 on Line 4, hole DMDD005 on Line 3 and in shallow scout RC holes drilled on Lines 5 and 13. Early indications are that mineralisation is focused within a narrow high grade zone within the broader 30m wide shear zone. Best results included 1.4m at 2.57g/t Au from 52.1m in DMDD002 (Line 4), 3.95m at 2.99g/t Au from 21.3m including 3.1m at 3.47g/t Au from 21.3m in DMDD005 (Line 3), 3m at 2.98g/t Au from 24m in DMRC125 (Line 5) and 6m at 0.69g/t Au from 78m in DMRC141 (Line 13).

The granite contact was intersected in DMRC104 on Line 9 with a best intercept of 6m at 1.19g/t Au from 12m confirming continuation of mineralisation along the contact zone. The contact zone was also drilled at the Siona workings located 5km SW of Tango. Best results at Siona included 6m at 1.52g/t Au from 3m in DMRC201 and 3m at 3.14g/t Au from 18m in DMRC205. No significant mineralisation was intersected from the high grade soil anomalies in the granites.

Mineralisation at Siona and Douze Match appears more complex than initially perceived. Consideration must be taken of the NW orientations observed in the high grade soil anomalies in both areas within the 6km long gold in soil anomaly when assessing and interpreting all results. This NW orientation appears to have a strong control on mineralisation observed at Kebigada and within the 35km structural corridor.

Amani will consider looking at alternative geophysical methods to better understand structural complexities in the area. Provisional magnetic susceptibility readings of soil samples covering the Douze Match soil anomaly

are providing certain clarity on the underlying geology and position of potential structures in the area. Detailed mapping and channel sampling and infill soil sampling programmes will also be undertaken to better understand these controls on mineralisation at Douze Match.

TENDAO PROJECT, DRC

Amani entered an agreement (refer announcement dated 3 November 2016) with a Dubai-based private company, Medidoc FZE, which, upon completion, would result in it acquiring a 60% interest in four exploitation permits ("Tendao Project") which cover 1,456km² of highly prospective ground in the Haut Uele Province, northeast Democratic Republic of Congo. The Tendao Project borders Amani's Giro Project to the west, giving the Company a substantial ground holding in the renowned Kilo-Moto greenstone belt. The Company is continuing its due diligence of this project.

Corporate

Capital Raisings

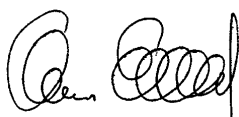
The Company raised \$11.675 million from a private placement of shares in July 2016 to fund exploration activity at the Giro Gold Project. In addition, Amani received \$150,742 from the exercise of listed options in August 2016.

The Company completed its name change from Burey Gold Limited (ASX: BYR) to Amani Gold Limited (ASX: ANL) to better reflect the Company's flagship gold project in the DRC on 23 December 2016.

Auditor's Independence Declaration

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

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



Klaus Eckhof
Chairman

Dated: 15 March 2017

The information in this report that relates to the Giro Gold Project has been previously reported by the Company in compliance with JORC 2012 in various market releases, with the last one being dated 9 March 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in those earlier market announcements other than the drill results that are the subject of this report.

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF AMANI GOLD LIMITED

As lead auditor for the review of Amani Gold Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2017

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

| | Notes | Consolidated | |
|--|-------|---------------------------|---------------------------|
| | | 31 December 2016 \$ | 31 December 2015 \$ |
| Revenue from continuing operations | | 43,957 | 3,559 |
| Consultants and corporate costs | | (319,816) | (424,274) |
| Due diligence costs | | (326,798) | - |
| Salaries, wages and employment expenses | | (203,914) | (106,218) |
| Depreciation expense | | (25,121) | (18,434) |
| Occupancy expenses | | (54,422) | (18,380) |
| Travel expenses | | (71,150) | (72,169) |
| Share based payments expense | 2 | (244,618) | (49,442) |
| Foreign exchange gain/(loss) | 2 | 47,698 | (71,962) |
| Impairment of exploration assets | 2 | - | (8,616,469) |
| Net fair value loss – listed securities | 2 | - | (872,115) |
| Gain on disposal of subsidiaries | 2 | 1,991,919 | - |
| Profit /(loss) before related income tax expense | | 837,735 | (10,245,904) |
| Income tax (expense) / benefit | | - | - |
| Profit / (loss) for the period | | 837,735 | (10,245,904) |
| Net profit / (loss) attributable to: | | | |
| Owners of Amani Gold Limited | | 838,963 | (10,226,255) |
| Non-controlling interest | | (1,228) | (19,649) |
| | | 837,735 | (10,245,904) |
| Other comprehensive income / (loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | 604,326 | 1,205,701 |
| Reclassification to profit and loss on disposal of foreign subsidiaries | | (2,062,807) | - |
| Reclassification of changes in the fair value of available for sale financial assets to profit or loss | | - | 385,824 |
| Total comprehensive income / (loss) for the half year attributable to members of Amani Gold Limited | | (620,746) | (8,654,379) |
| Total comprehensive income / (loss) is attributable to: | | | |
| Owners of Amani Gold Limited | | (656,746) | (8,650,493) |
| Non-controlling interest | | 36,000 | (3,886) |
| | | (620,746) | (8,654,379) |
| Profit / (loss) per share for the half year attributable to members of Amani Gold Limited | | | |
| Basic profit / (loss) per share (cents per share) | | 0.07 | (1.42) |

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

| | | Consolidated | |
|--|--------------|------------------------------------|--------------------------------|
| | Notes | 31 December 2016 \$ | 30 June 2016 \$ |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 6,264,853 | 416,453 |
| Other receivables | | 207,700 | 82,996 |
| Loan receivable | | - | 158,583 |
| Total Current Assets | | 6,472,553 | 658,032 |
| Non-Current Assets | | | |
| Property, plant and equipment | | 95,992 | 39,813 |
| Exploration and evaluation expenditure | 3 | 21,024,586 | 16,051,029 |
| Total Non-Current Assets | | 21,120,578 | 16,090,842 |
| Total Assets | | 27,593,131 | 16,748,874 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | | 470,288 | 270,029 |
| Loan | | - | 403,177 |
| Total Current Liabilities | | 470,288 | 673,206 |
| Total Liabilities | | 470,288 | 673,206 |
| Net Assets | | 27,122,843 | 16,075,668 |
| Equity | | | |
| Contributed equity | 4 | 47,883,516 | 36,719,406 |
| Reserves | | 8,762,972 | 9,681,643 |
| Accumulated losses | | (29,851,780) | (30,690,744) |
| Capital and reserves attributed to the owners of Amani Gold Limited | | 26,794,708 | 15,710,305 |
| Non-controlling interest | | 328,135 | 365,363 |
| Total Equity | | 27,122,843 | 16,075,668 |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

2015

| | Contributed Equity | Accumulated Losses | Share Based Reserve | Option Premium Reserve Note 5 | Asset Revaluation Reserve | Foreign Currency Translation Reserve | Non controlling interests | Total Equity |
|---|-----------------------|-----------------------|---------------------------|--|---------------------------------|---|---------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2015 | 30,722,485 | (18,308,866) | 2,971,574 | - | (385,824) | 2,681,058 | 477,281 | 18,157,708 |
| Total comprehensive income for the half year | | | | | | | | |
| Loss for the half-year | - | (10,226,255) | - | - | - | - | (19,649) | (10,245,904) |
| <i>Other comprehensive income</i> | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 1,182,166 | 23,535 | 1,205,701 |
| Reclassification to profit/(loss) of changes in the fair value of available for sale financial assets | - | - | - | - | 385,824 | - | - | 385,824 |
| Total comprehensive loss for the half year | - | (10,226,255) | - | - | 385,824 | 1,182,166 | 3,886 | (8,654,379) |
| Transactions with equity holders in their capacity as equity holders | | | | | | | | |
| Share and listed option issues (net of costs) | 1,573,167 | - | - | 1,373,544 | - | - | - | 2,946,711 |
| Share based payments expense – performance rights | - | - | 49,442 | - | - | - | - | 49,442 |
| Balance at 31 December 2015 | 32,295,652 | (28,535,121) | 3,021,016 | 1,373,544 | - | 3,863,224 | 481,167 | 12,499,482 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

2016

| | Contributed Equity | Accumulated Losses | Share Based Reserve | Option Premium Reserve Note 5 | Asset Revaluation Reserve | Foreign Currency Translation Reserve | Non controlling interests | Total Equity |
|---|-----------------------|-----------------------|---------------------------|--|---------------------------------|---|---------------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2016 | 36,719,406 | (30,690,743) | 4,699,689 | 1,388,544 | - | 3,593,410 | 365,363 | 16,075,669 |
| Total comprehensive income for the half year | | | | | | | | |
| Profit /(loss) for the half year | - | 838,963 | - | - | - | - | (1,228) | 837,735 |
| <i>Other comprehensive income</i> | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 640,326 | (36,000) | 604,326 |
| Reclassification to profit and loss on disposal of foreign subsidiaries | - | - | - | - | - | (2,062,807) | - | (2,062,807) |
| Total comprehensive income / (loss) for the half year | - | 838,963 | - | - | - | (1,422,481) | (37,228) | (620,746) |
| Transactions with equity holders in their capacity as equity holders | | | | | | | | |
| Share and listed option issues (net of costs) | 11,164,110 | - | - | - | - | - | - | 11,164,110 |
| Share based payments expense – options | - | - | 121,316 | 7,500 | - | - | - | 128,816 |
| Share based payments expense – performance rights | - | - | 374,994 | - | - | - | - | 374,994 |
| Balance at 31 December 2016 | 47,883,516 | (29,851,780) | 5,195,999 | 1,396,044 | - | 2,170,929 | 328,135 | 27,122,843 |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

| | Consolidated | |
|---|---------------------------|--------------------|
| | 31 December | 31 December |
| | 2016 | 2015 |
| | \$ | \$ |
| | Inflows/(Outflows) | |
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (894,197) | (485,068) |
| Interest received | 30,216 | 180 |
| Net cash used in operating activities | (863,981) | (484,888) |
| Cash flows from investing activities | | |
| Payment for Exploration Asset | - | (3,270) |
| Payment for plant and equipment | (86,937) | - |
| Payments for exploration expenditure | (3,936,000) | (2,778,607) |
| Option payment to acquire project | (326,798) | - |
| Net cash used in investing activities | (4,349,735) | (2,781,877) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares and options | 11,825,542 | 3,077,194 |
| Payment for share issue costs | (661,431) | (137,983) |
| Repayment of loan | (239,916) | - |
| Net cash provided by financing activities | 10,924,195 | 2,939,211 |
| Net decrease in cash held | 5,710,479 | (327,554) |
| Cash and cash equivalents at 1 July | 416,453 | 769,081 |
| Effect of exchange rate changes | 137,921 | 42,321 |
| Cash and cash equivalents at 31 December | 6,264,853 | 483,848 |

The accompanying notes form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Statement of compliance**

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

These half-year financial statements do not include full disclosures of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial statements.

It is recommended that these half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2016 and any public announcements made by Amani Gold Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

These half-year financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Significant accounting judgments and key estimates

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

In preparing these half year financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statement for the year ended 30 June 2016.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2016, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. As a result of this review the Directors have determined that there is no change necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 2: EXPENSES

| | Consolidated | |
|--|-----------------------------|---------------------|
| | 31 December 2016 | 31 December 2015 |
| | \$ | \$ |
| Profit / Loss for the period includes the following specific expenses: | | |
| Net fair value loss – listed securities (a) | - | 872,115 |
| Impairment of exploration assets (b) | - | 8,616,469 |
| Foreign exchange (gain)/loss | (47,698) | 71,962 |
| Share based payment expense (c) | 244,618 | 49,442 |
| (Gain) on disposal of subsidiaries (d) | (1,991,919) | - |

- (a) During the half year to 31 December 2015, the consolidated entity carried out a review of its listed security investments. From that review it was determined that there had been a permanent diminution and it became necessary to fully provide against the diminution through the profit and loss account as opposed to comprehensive income. As at 31 December 2016, there are no changes in circumstances to render making adjustments to the listed security investments.
- (b) In December 2015, on completion of impairment testing of the exploration assets, the Company made the decision to fully impair the carrying value of the Balatindi Project in Guinea, West Africa. The Company is not planning any substantive expenditure at Balatindi in the foreseeable future. In the absence of any offers, it also cannot determine the value that it may ultimately recover from a farm-out or joint venture arrangement and has therefore made the decision to fully impair the carrying value of the Balatindi project for financial reporting purposes. As at 31 December 2016, the Balatindi project had been fully disposed.
- (c) The consolidated entity has recognised an expense of \$244,618 (2015: \$49,442) in relation to the calculated fair value of options and performance rights (over ordinary shares) in the Company vesting in the period (prior period expense related to performance rights over ordinary shares).
- (d) On 29 December 2016, the Company disposed its 100% interest in subsidiaries, Burey Gold (Ghana) Ltd and Burey Gold Guinee SARL for nominal consideration. The Company recognized a gain on disposal of \$1,991,919 for the half year, and the two subsidiaries were deconsolidated from the Group at 31 December 2016. This gain takes into account the foreign currency translation gain of \$2,062,807, which was transferred from the foreign currency translation reserve to profit and loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

| | 31 December 2016 | 30 June 2016 |
|--|-----------------------------|-----------------|
| | \$ | \$ |
| Exploration and evaluation phase – at cost | 21,024,586 | 16,051,029 |
| Balance at beginning of the period | 16,051,029 | 17,666,899 |
| Expenditure incurred during the period | 4,592,578 | 6,711,520 |
| Impairment of exploration asset – Balatindi (Note 2 (b)) | - | (8,787,234) |
| Foreign currency translation differences | 380,979 | 459,844 |
| Total exploration and evaluation expenditure | 21,024,586 | 16,051,029 |

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

NOTE 4: CONTRIBUTED EQUITY

| | 31 December 2016 | 30 June 2016 |
|---|-----------------------------|-------------------------|
| | \$ | \$ |
| (a) <i>Ordinary shares</i> | | |
| Issued and fully paid | | |
| 1,257,452,332 (30 June 2016: 962,237,497) | 47,883,517 | 36,719,406 |
| <i>Movements in ordinary shares on issue for the period</i> | | |
| | No. | \$ |
| Balance at beginning of current period (1 July 2016) | 962,237,497 | 36,719,406 |
| Placement issue of shares at \$0.054 cents each | 216,199,999 | 11,674,800 |
| Conversion of performance rights to shares | 76,000,000 | - |
| Exercise of listed options at \$0.05 cents each | 3,014,836 | 150,742 |
| Share issue expenses | - | (661,431) |
| Balance at end of current period (31 December 2016) | 1,257,452,332 | 47,883,517 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 4: CONTRIBUTED EQUITY (continued)

(b) Listed Share Options

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

| | 31 December 2016 \$ | 30 June 2016 \$ |
|--|---------------------------|-----------------------|
| Issued listed options | | |
| 434,251,337 (30 June 2016: 437,266,173) | 1,396,044 | 1,388,544 |
| <i>Movements in listed options on issue for the period</i> | No. | \$ |
| Balance at beginning of current period (1 July 2016) | 437,266,173 | 1,388,544 |
| Exercise and conversion of options to shares | (3,014,836) | - |
| Prior year issue of options recognised in current period | - | 7,500 |
| Balance at end of current period (31 December 2016) | <u>434,251,337</u> | <u>1,396,044</u> |

(c) Unlisted Share Options

2015 - Options to subscribe for ordinary shares in the Company have been granted as follows:

| Exercise Period | Exercise Price | Opening Balance | Issued | Exercised/ Cancelled/ Expired | Closing Balance |
|---------------------------|----------------|-------------------|----------|-------------------------------------|-------------------|
| | | 1 July 2015 | 2015 | 2015 | 31 December 2015 |
| | | Number | Number | Number | Number |
| 8 Sept 2014 - 31 Dec 2016 | \$0.05 | 47,500,000 | - | - | 47,500,000 |
| | | <u>47,500,000</u> | <u>-</u> | <u>-</u> | <u>47,500,000</u> |

2016 - Options to subscribe for ordinary shares in the Company have been granted as follows:

| Exercise Period | Note | Exercise Price | Opening Balance | Issued | Exercised/ Cancelled/ Expired | Closing Balance |
|---------------------------|------|----------------|-------------------|-------------------|-------------------------------------|-------------------|
| | | | 1 July 2016 | 2016 | 2016 | 31 December 2016 |
| | | | Number | Number | Number | Number |
| 8 Sept 2014 - 31 Dec 2016 | | \$0.05 | 47,500,000 | - | (47,500,000) | - |
| 15 Apr 2016 – 31 Dec 2020 | (i) | \$0.03 | 7,500,000 | - | - | 7,500,000 |
| 15 Apr 2016 – 31 Dec 2020 | (i) | \$0.04 | 12,500,000 | - | - | 12,500,000 |
| 15 Apr 2016 – 31 Dec 2020 | (i) | \$0.05 | 12,500,000 | - | - | 12,500,000 |
| 2 Nov 2016 – 2 Nov 2019 | (ii) | \$0.08 | - | 9,500,000 | - | 9,500,000 |
| 2 Nov 2016 – 2 Nov 2019 | (ii) | \$0.10 | - | 9,500,000 | - | 9,500,000 |
| | | | <u>80,000,000</u> | <u>19,000,000</u> | <u>(47,500,000)</u> | <u>51,500,000</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 4: CONTRIBUTED EQUITY (continued)

- (i) 10 million options were issued as part of the remuneration package for the Company's directors. 22.5 million options were issued to a corporate advisor for equity market and strategic advice in market positioning and corporate strategy.
- (ii) 19 million options were issued under the Employee Option Plan for nil consideration as part of the remuneration package of employees of the Company.

The model inputs for options granted during the half year included:

| 31 December 2016 | Unlisted share options | |
|-----------------------------------|------------------------|-----------------|
| Model Inputs | | |
| Exercise price (cents) | 8.0 | 10.0 |
| Grant date | 2 November 2016 | 2 November 2016 |
| Expiry date | 2 November 2019 | 2 November 2019 |
| Share price at grant date (cents) | 6.6 | 6.6 |
| Expected volatility (%) | 105 | 105 |
| Risk free rate (%) | 1.5 | 1.5 |

The weighted average contractual life of the unlisted options is 3.4 (2015: 0.64) years.

The weighted average exercise price of the unlisted options is \$0.06 (2015: \$0.05).

None of the options have any voting rights, any entitlement to dividends or any entitlement to the proceeds of liquidation in the event of a winding up.

(d) Performance Rights

2015 - Performance Rights over ordinary shares in the capital of the Company have been granted as follows:

| Expiry date | Note | Opening Balance 1 July 2015 | Issued 2015 | Exercised/ Cancelled 2015 | Closing Balance 31 December 2015 |
|------------------|------|-----------------------------------|----------------|---------------------------------|---|
| | | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Number</i> |
| 31 December 2017 | (i) | 17,000,000 | - | - | 17,000,000 |
| | | 17,000,000 | - | - | 17,000,000 |

2016 - Performance Rights over ordinary shares in the capital of the Company have been granted as follows:

| Expiry date | Note | Opening Balance 1 July 2016 | Issued 2016 | Exercised/ Cancelled 2016 | Closing Balance 31 December 2016 |
|------------------|------|-----------------------------------|----------------|---------------------------------|---|
| | | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Number</i> |
| 31 December 2020 | (ii) | 67,500,000 | - | (67,500,000) | - |
| 31 December 2017 | (i) | 17,000,000 | - | (8,500,000) | 8,500,000 |
| | | 84,500,000 | - | (76,000,000) | 8,500,000 |

- (i) Performance rights will vest subject to meeting specific performance conditions. The 17 million performance rights issued last year comprised two tranches of 8.5 million each. Tranche 1 performance rights have a market vesting condition being a share price of 5 cents or more over

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 4: CONTRIBUTED EQUITY (continued)

- a consecutive 20 day business period. Tranche 2 performance rights have a non-market vesting condition being estimation of a mineral resource of at least one million gold or gold equivalent ounces at any Amani Group mineral project. Each right is converted to one ordinary share upon vesting. Tranche 1 performance rights vested during the half year and were converted into shares.
- (ii) Performance rights will vest subject to meeting specific performance conditions. The 67.5 million performance rights issued last year comprised of three tranches of 22.5 million each. Tranche 1, 2 and 3 performance rights have a market vesting condition being the Company's shares trade at a daily volume weighted average share price ("VWAP") of at least 3, 4 and 5 cents respectively for a consecutive period of at least 10 trading days. These rights vested during the half year and were fully converted into shares.

NOTE 5: SEGMENT INFORMATION

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

| | 31 December 2016 \$ | 31 December 2015 \$ |
|---|---------------------------|---------------------------|
| Reportable segment loss | (16,549) | (8,712,404) |
| Reportable segment assets | 21,454,580 | 13,214,192 |
| Reportable segment liabilities | (337,611) | (58,771) |
| Reconciliation of reportable segment profit or loss | | |
| Reportable segment loss | (16,549) | (8,712,404) |
| Other revenue / income | 34,255 | 180 |
| Unallocated: | | |
| Corporate expenses | (1,171,890) | (1,533,680) |
| Disposal of subsidiaries | 1,991,919 | - |
| Profit /(loss) before tax | <u>837,735</u> | <u>(10,245,904)</u> |
| Reconciliation of reportable segment to total assets and liabilities | | |
| | 31 December 2016 \$ | 30 June 2016 \$ |
| Segment assets | 21,454,580 | 16,435,327 |
| Unallocated: | | |
| Corporate assets | 6,138,552 | 313,547 |
| | <u>27,593,132</u> | <u>16,748,874</u> |
| Segment liabilities | (337,611) | (500,231) |
| Unallocated: | | |
| Corporate liabilities | (132,677) | (172,976) |
| | <u>(470,288)</u> | <u>(673,207)</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 6: CONTINGENT ASSETS AND LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since 31 December 2016 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

NOTE 8: DIVIDENDS

No dividends have been declared during the period.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and other mandatory professional reporting requirements.

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

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



Klaus Eckhof
Chairman

15 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Amani Gold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Amani Gold Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Amani Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', positioned below the printed name.

Dean Just

Director

Perth, 15 March 2017