



7 July 2017

ASX Release

BINDING SUBSCRIPTION AGREEMENT FOR STAGED EQUITY RAISING

Amani Gold Limited (ASX: ANL) ("Amani" or "the Company") refers to its previous announcements, commencing 10 May 2017, in relation to a \$25 million capital raising transaction with Hong Kong company, Luck Winner Investment Limited ("LW").

Amani is pleased to announce that a long form binding subscription agreement ("Agreement") has been executed between the parties, under the terms of which LW will invest \$15 million in stage 1, which is expected to settle within 2 Business Days of execution of the Agreement, and the remaining \$10 million in stage 2 which will be completed subject to Amani shareholder approval and other conditions precedent.

Chairman Klaus Eckhof said "LW's agreement to invest in two stages demonstrates its commitment to and the progress achieved to date at the Giro Gold Project. The immediate injection of \$15 million will enable the Company to rapidly escalate the further exploration activity required following the recent release of the Kebigada maiden mineral resource estimate and referred to in that announcement dated 5 July. Although I will be stepping down as Chairman of the Amani Board, as a Director I will continue to be involved in policy making and will continue to play a significant role in key decision making by the Company."

The key terms of the Agreement are as follows

Stage 1

On or around 10 July 2017 (being the 2nd Business Day following execution of the Agreement), LW (or its nominee) will subscribe for and be issued 300 million fully paid ordinary shares in the capital of Amani at a subscription price of \$0.05 each for total subscription funds of \$15 million. This issue of shares will be completed within Amani's placement capacities under ASX Listing Rules 7.1 and 7.1A and will result in LW holding a 19.4% interest in Amani's issued shares.

Immediately after the issue of the Stage 1 shares, the Company will appoint LW 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 Eckhof as Chairman of the Board. It is anticipated that, at the same time, Mr Kevin Thomson will step down from the Board. Further information outlining the experience and qualifications of LW's nominee directors is provided in Appendix 1.

Stage 2

LW will subscribe for and be issued 200 million fully paid ordinary shares in the capital of Amani at a subscription price of \$0.05 each for total subscription funds of \$10 million and also 250 million free attaching options (exercisable at \$0.07 each with a two year term), subject to the satisfaction of the following conditions precedent:

- (i) Shareholder Approval Condition Precedent: 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:

Amani Gold Limited
ABN 14 113 517 203
www.amanigold.com

PO Box 281
Mount Hawthorn WA
6915 Australia

Level 2 Suite 9, 389 Oxford Street
Mount Hawthorn WA
6016 Australia

P +61 8 9381 2299
F +61 8 9380 6761
info@amanigold.com



- (a) to ratify the issue of the Stage 1 shares to LW;
 - (b) for the issue of the Stage 2 shares;
 - (c) for the issue of the 250 million options; and
 - (d) for the subsequent issue of shares arising from the exercise, if any, of the 250 million options, for the purposes of item 7 of section 611 of the Corporations Act, section 208 of the Corporations Act, Listing Rule 7.1 and for all other purposes; and
- (ii) Binding documentation being entered between the Company's subsidiary in the Democratic Republic of Congo ("DRC"), Amani Consulting sarl and DRC state owned entity, Société Minière de Kilo-Moto sa ("Sokimo") under the terms of which Sokimo grants a two year extension¹ 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 LW) on or before 15 September 2017.

Amani will be obliged to pay LW a break fee of \$250,000 if the Shareholder Approval Condition Precedent noted above is not satisfied.

On successful completion and issue of Stage 2 shares, LW will have a 28% interest in Amani's issued shares.

Stage 2 Timing

Amani notes that the shareholder approval condition precedent is required to be satisfied by 15 September 2017. The Company has now commenced preparation for the shareholders meeting, including the commissioning of an Independent Expert's Report to assist Amani shareholders in their assessment and approval of this transaction. Amani is targeting a shareholders meeting in late August or early September 2017.

LW Board Representation

The Agreement provides for LW's representation on the Amani Board along the following broad lines:

- 3 nominee directors for so long as it holds at least 19.4% of Amani's issued shares;
- 2 nominee directors if it holds less than 19% of issued shares for more than 15 consecutive days; and
- 1 nominee director if it holds less than 15% of issued shares for more than 15 consecutive days (no entitlement to representation if holding reduces to below 10%).

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 Agreement shall be excluded in calculating LW's percentage shareholding.

Representation, Warranties and Indemnities

Representations made and warranties provided by each party are customary for a transaction of this nature. The indemnity provided by the Company to LW is again customary for a transaction of this nature and claims, if any, will be capped at the transaction value of \$25M, for an indemnity period of 12 months following completion of stage 2.

The Directors consider the warranties and indemnities provided by the Company to be reasonable in the circumstances and customary for a transaction of this nature.

¹ As late as March 2017, Sokimo agreed in principle to the grant of a two year extension from the date of execution of amending documentation.



General Conditions Precedent

As is customary for transactions of this nature, LW has the right to terminate the Agreement and not complete its staged investments if a material adverse change (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 any Group Company, taken as a whole) were to take place between the execution date of the Agreement and the completion date of each stage.

For more information contact:

Klaus Eckhof

Chairman

Tel: +377 680 866 300

klauseckhof@monaco.mc

Peter Taylor

Investor Relations

Tel: +61 (0)412 036 231

peter@nwrcommunications.com.au

Or visit www.amanigold.com

APPENDIX 1

Mr. Qiuming Yu – Chairman Elect

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. Sheng Fu

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. Sik Lap Chan

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 has also undertaken a number of senior executive roles with mining consulting and valuation companies.

Mr. Chan is involved with a number of charitable and professional organisations and has a deep interest in promoting a culture of professional development and entrepreneurship.

Mr. Chan obtained his Bachelor of Science degree with first class honors in the Department of Earth Sciences from the University of Hong Kong in 2004. He subsequently obtained a Masters in Philosophy and lectured, both at the University of Hong Kong from 2013 to 2014.