African Energy Metals Inc.

(former Central African Gold Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2021 and 2020

(Expressed in United States Dollars, unless otherwise noted)

Independent auditor's report

To the Shareholders of African Energy Metals Inc. (formerly Central African Gold Inc.)

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of African Energy Metals Inc. (formerly Central African Gold Inc.) and its subsidiary (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' deficiency for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Dean Larocque.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 27, 2022

African Energy Metals Inc. (former Central African Gold Inc.)
Consolidated Statements of Financial Position
(Expressed in United States dollars unless otherwise noted)

	Notes	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash		$ 165,020	$ 25,223
Accounts receivable		27,143	11,030
Prepaid expenses	4	51,776	58,918
		243,939	95,171
TOTAL ASSETS		**$ 243,939**	**$ 95,171**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6, 8	$ 38,201	$ 2,410,048
		38,201	2,410,048
SHAREHOLDERS' DEFICIENCY			
Share capital	7	19,097,123	16,816,752
Reserves	7	8,229,425	7,341,858
Accumulated other comprehensive loss		83,306	6,117
Deficit		(27,204,116)	(26,479,604)
SHAREHOLDERS' EQUITY (DEFICIENCY)		205,738	(2,314,877)
TOTAL LIABILITY AND SHAREHOLDERS' DEFICIENCY		**$ 243,939**	**$ 95,171**

Nature of operations and going concern (Note 1)
Subsequent events (Note 1, 5 and 7)

On behalf of the Board of Directors:

"Stephen Barley" Director

"Michael Townsend" Director

The accompanying notes are an integral part of these consolidated financial statements.

African Energy Metals Inc. (former Central African Gold Inc.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States dollars unless otherwise noted)

	Notes		Year ended December 31, 2021		Year ended December 31, 2020
EXPENSES					
Filing fees		$	35,845	$	34,347
Investor relations			266,922		7,071
Management fees	8		631,961		767,559
Consulting fees			53,074		-
Office expense			17,402		7,510
Professional fees			108,169		109,323
Project generation			112,499		21,780
Share-based payment	7		462,824		505,405
Travel and accommodation			252,034		9,886
TOTAL EXPENSES			1,940,730		1,462,881
OTHER INCOME (EXPENSE)					
Interest expense			(38)		(30,491)
Forgiveness of debt	6		906,268		50,367
Gain on disposal of subsidiaries	3		1,425,379		-
Impairment of exploration and evaluation assets	5		(1,141,637)		-
Gain (loss) on settlement of debt			-		(4,329)
Gain (loss) on foreign exchange			26,246		(4,744)
TOTAL OTHER INCOME (EXPENSE)			1,216,218		10,803
NET LOSS			(724,512)		(1,452,078)
OTHER COMPREHENSIVE INCOME					
Exchange difference on translation			77,189		39,333
TOTAL COMPREHENSIVE LOSS		**$**	**(647,323)**	$	**(1,412,745)**
Basic and income (loss) per share		$	(0.02)	$	(0.06)
Weighted average number of shares outstanding			42,697,312		11,867,132

The accompanying notes are an integral part of these consolidated financial statements.

African Energy Metals Inc. (former Central African Gold Inc.)
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in United States dollars unless otherwise noted)

	Share Capital					
	Number	Amount	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, Dec 31, 2019	11,587,466	$ 15,702,173	$ 6,601,180	$ (33,216)	$ (25,027,526)	$ (2,757,389)
Private placement	23,500,000	1,095,037	203,401	-	-	1,298,438
Share issue costs	-	(51,134)	20,299	-	-	(30,835)
Shares issued for debt	933,333	65,239	-	-	-	65,239
Warrants exercised for cash	40,125	5,437	(2,365)	-	-	3,072
Share based payment	-	-	519,343	-	-	519,343
Exchange difference in translation	-	-	-	39,333	-	39,333
Net loss	-	-	-	-	(1,452,078)	(1,452,078)
Balance, Dec 31, 2020	36,060,924	$ 16,816,752	$ 7,341,858	6,117	(26,479,604)	(2,314,877)
Private placement	13,000,000	1,066,639	466,426	-	-	1,533,065
Share issue costs		(12,369)	1,212	-	-	(11,157)
Warrants exercised for cash	1,831,100	187,358	(41,252)	-	-	146,106
Shares issued for mineral property	5,330,000	1,038,743	-	-	-	1,038,743
Share based payment	-	-	461,181	-	-	461,181
Exchange difference in translation	-	-	-	77,189	-	77,189
Net income (loss)	-	-	-	-	(724,512)	(724,512)
Balance, Dec 31, 2021	**56,222,024**	**19,097,123**	**8,229,425**	**83,306**	**(27,204,116)**	**205,738**

The accompanying notes are an integral part of these consolidated financial statements.

African Energy Metals Inc. (former Central African Gold Inc.)
Consolidated Statements of Cash Flows
(Expressed in United States dollars unless otherwise noted)

		Year ended December 31, 2021		Year ended December 31, 2020
Operating activities				
Net income (loss)	$	(724,512)	$	(1,452,078)
Items not affecting cash				
Share based payments		462,824		519,343
Impairment of exploration and evaluation assets		1,141,637		-
Foreign exchange		44,646		21,335
Settlement of debt		-		4,329
Forgiveness of debt		(906,268)		(50,367)
Disposal of subsidiary		(1,425,379)		-
Changes in non-cash working capital items:				
Receivables		(16,113)		(11,292)
Prepaid		7,142		(54,335)
Accounts payable and accrued liabilities		(40,200)		(149,620)
Net cash outflow from operating activities		**(1,456,223)**		**(1,172,685)**
Investing activities				
Exploration and evaluation assets		(102,894)		-
Net cash outflow from investing activities		**(102,894)**		**-**
Financing activities				
Issuance of common shares, net of cash share issue costs		1,521,908		1,225,663
Warrant exercised for cash		146,107		3,072
Repayment of loans		-		(74,151)
Net cash inflow from financing activities		**1,668,015**		**1,154,584**
Currency impact on cash		30,899		39,333
Increase in cash	$	139,797	$	21,232
Cash, beginning of year		25,223		3,991
Cash, end of year	$	165,020	$	25,223

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations and Going Concern

On March 27, 2007, African Energy Metals In. (formerly Central African Gold Inc.) ("the Company" or "Central African Gold"), was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia). The Company's registered office is located at 2900 – 550 Burrard Street, Vancouver, BC V6C 0A3. The Company commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol NMD.V on February 17, 2010. On August 25, 2020, the Company changed its name to Central African Gold Inc. and commenced trading on the TSX-V under the symbol CAGR effective August 26, 2020. On February 7, 2022, the Company changed its name to African Energy Metals Inc. and commenced trading on the TSX-V under the symbol CUCO.

On October 20, 2017, the Company acquired Katanga Cobalt Corp. ("Katanga") pursuant to the terms of a previously executed amalgamation agreement between Bankers, Katanga and a subsidiary of Bankers ("Subco"), under which Subco amalgamated with Katanga. For accounting purposes this was considered a reverse takeover whereby Katanga was identified as the acquirer of the Company .

The Company's principal activity is the acquisition and exploration of mineral properties.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

As at December 31, 2021, the Company had not yet achieved profitable operations. During the year ended December 31, 2021, the Company incurred net loss of $724,512 (2020 – $1,452,078) and had a cash outflow from operating activities of $1,456,223 (2020 - $1,172,685). As of December 31, 2021, the Company had a working capital (current assets minus current liabilities) of $205,738 (December 31, 2020 – $2,314,877) and a cumulative deficit of $27,204,116 (December 31, 2020 - $26,479,604).

The Company's continuing existence and its ability to discharge its liabilities and fulfill its commitments as they come due is dependent upon the ability of the Company to obtain equity and/or debt financing and the successful discovery of mineral resources that the Company can profitably commercialize. Management plans to continue exploring the Company's mineral concessions in order to achieve a commercial discovery that will generate sustainable, long-term profitability and obtain additional financing, if needed. While the Company has been successful at securing financing in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. Furthermore, the novel coronavirus outbreak ("COVID-19") was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company's business are not known at this time. These impacts could include an impact on the Company's ability to obtain debt and equity financing to fund ongoing exploration and evaluation activities as well as its ability to explore and conduct business. These consolidated financial statements do not include any adjustments to the amount and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

1. Nature of Operations and Going Concern (continued)

Our business, financial condition and results of operations may be negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action.

In late February 2022, Russia launched a large-scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including Canada. In response to the military action by Russia, various countries, including Canada, the United States, the United Kingdom and European Union issued broad-ranging economic sanctions against Russia. Such sanctions (and any future sanctions) and other actions against Russia may adversely impact, among other things, the Russian economy and various sectors of the economy, including but not limited to, financials, energy, metals and mining. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility and cause severe negative effects on regional and global economic markets.

While we expect any direct impacts to our business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect our business and may make it more difficult for us to raise equity or debt financing.

In addition, the impact of other current macroeconomic factors on our business, which may be exacerbated by the war in Ukraine – including inflation, supply chain constraints and geopolitical events – is uncertain.

2. Summary of Significant Accounting Policies and Basis of Preparation

These consolidated financial statements were authorized for issue by the directors of the Company on April 27, 2022.

Statement of compliance with International Financial Reporting Standards
These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis of preparation
These consolidated financial statements of the Company have been prepared on a historical cost basis. These consolidated financial statements are presented in United States dollars unless otherwise specified.

Basis of consolidation
The consolidated financial statements of the Company as at December 31, 2021 include the accounts of its wholly owned subsidiary Bankers Cobalt Acquisition Corp. located in Canada.

The consolidated financial statements of the Company as at December 31, 2020 include the accounts of its wholly owned subsidiary Bankers Cobalt Acquisition Corp. located in Canada, Bankers Cobalt Mining SASU located in the Democratic Republic of Congo ("DRC"), Bankers Cobalt Mining (Namibia) (Proprietary) Limited located in Namibia. During the year ended December 31, 2021 subsidiaries located in Africa were disposed of for $1 each.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable."

All significant intercompany transactions and balances are eliminated on consolidation.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during this year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Going concern - The Company's assessment of its ability to continue as a going concern requires significant judgments about whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company must determine whether sufficient financing will be obtained in the near term. See note 1.

ii) Economic recoverability and probability of future benefits of the advances for exploration and evaluation costs - During the year ended December 31, 2021, due to the uncertainty surrounding the political climate in Africa, management decided to record an impairment of $1,141,637 on the remaining value of the exploration and evaluation assets. The impairment loss was recorded in the consolidated statement of loss and comprehensive loss.

Foreign currency translation

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The Company has a functional currency of Canadian dollars. The Company's subsidiaries have a functional currency of United States dollars.

The consolidated financial statements are presented in United States dollars.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Transactions and balances

Transactions in foreign currencies are initially recorded into the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Nonmonetary assets and liabilities are translated at historical exchange rates, unless the item is carried at fair value, in which case it will be translated at the exchange rate in effect at the date when the fair value was determined. Resulting foreign exchange gains and losses are recognized in the statement of operations except for those of African Energy Metals Inc. which are recognized as cumulative translation adjustment on the statement of financial position.

Foreign exchange rates used for currency translation in these consolidated interim financial statements are:

Period end rates	**US to CND**	**CDN to US**
December 31, 2020	$1.2732	$0.7854
December 31, 2021	$1.2678	$0.7888
Average rates		
Year ended December 31, 2020	$1.3415	$0.7454
Year ended December 31, 2021	$1.2535	$0.7977

Exploration and evaluation assets

Exploration and evaluation expenditures relating to mineral properties include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the acquisition cost of the exploration and evaluation assets acquired.

Pre-exploration costs

Pre-exploration costs are expensed in the year in which they are incurred.

Acquisition costs

The fair value of all consideration paid to acquire an unproven mineral interest is capitalized, including amounts due under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments, including common shares and share purchase warrants.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling and mobilization costs, payments made to contractors and depreciation on plant and equipment used during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative costs, are expensed in the year in which they occur.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Option agreements

The Company may acquire or dispose of all, or a portion of, an exploration and evaluation asset under an option agreement. Option agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period of time, at the discretion of the optionee.

The Company recognizes amounts payable under an option agreement when the amount is due and when the Company has no contractual rights to avoid making the payment. The Company recognizes amounts receivable under an option agreement only when the optionee has irrevocably committed to the transfer of economic resources to the Company, which often occurs only when the amount is received. Amounts received under option agreements reduce the capitalized costs of the optioned unproven mineral interest to nil and are then recognized as income.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation and amortization are calculated to write off the cost of the assets to their residual values over their estimated useful lives using the following rates and methods:

Class of property, plant and equipment	Depreciation rate and method
Vehicles	2 years straight-line
Furniture and Fixtures	30% declining balance
Computer Equipment	30% declining balance

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non monetary consideration is recorded at an amount based on fair market value. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein, the fair value of the common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Vesting is determined by the Board of Directors.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost:

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL:

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Impairment of assets

The carrying amount of the Company's non-current assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercise were used to acquire common shares at the average market price during the reporting period.

Restoration and environmental obligations

The Company recognizes liabilities for legal and constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company’s estimates of reclamation costs could change as a result of changes in the regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company did not have significant restoration provisions at December 31, 2021.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Recent Accounting Pronouncements

As of the date of authorization of these consolidated financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments are either not adopted or are not expected to have a material impact on the Company's consolidated financial statements.

3. Sale of subsidiaries

During the year ended December 31, 2021 subsidiaries located in Africa, Bankers Cobalt Mining SASU located in the Democratic Republic of Congo ("DRC"), Bankers Cobalt Mining (Namibia) (Proprietary) Limited located in Namibia were disposed of during for $1.

Name of the subsidiary	Bankers Cobalt Mining SASU	Bankers Cobalt Mining (Namibia) (Proprietary) Limited
Assets	$ -	$ -
Liabilities	(1,425,380)	-
Disposition price	1	-
Gain on the disposition of the subsidiaries	$ 1,425,379	$ -

4. Prepaid Expenses

	December 31, 2021	December 31, 2020
Prepaid consulting fee	$ 47,326	$ 54,628
Prepaid listing fee	4,450	4,290
	$ 51,776	$ 58,918

5. Exploration and Evaluation Assets

The Company entered into an Assignment Agreement with KBG Capital Sarl (KBG), pursuant to which KBG assigned to the Company 100% of KBG's interest in an exclusive option agreement with La Societe Miniere de Bakwanga SA (MIBA) to enter a joint venture to develop and exploit the Musefu Gold Project (the "Project") located in Kasai Central Province in southern DRC. In consideration of the assignment, the Company issued 5,000,000 common shares at a fair market value of $974,430 to the beneficial owners of KBG. The Company paid a finder's fee consisting of 330,000 common shares at fair value of $64,313 to the arms-length parties.

Subsequent to the year ended December 31, 2021, economic recoverability and probability of future benefits of the advances for exploration and evaluation costs was estimated at low accordingly management decided to terminate the Assignment Agreement and recorded an impairment of $1,141,637 on the remaining value of the exploration and evaluation assets. The impairment loss was recorded in the consolidated statement of loss and comprehensive loss.

6. Trade Payables and Accrued Liabilities

	December 31, 2021	December 31, 2020
Trade payables	$ 13,741	$ 1,002,655
Accrued liabilities	24,460	1,407,393
Total	$ 38,201	$ 2,410,048

Included in trade payables and accrued liabilities at December 31, 2021, is $Nil (December 31, 2020 - $745,345) due to directors and officers of the Company. During the year $906,268 in payables were forgiven including $750,337 in due to directors and officers of the Company.

7. Share Capital and Reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At December 31, 2021, there were 56,222,024 (December 31, 2020 – 36,060,924) issued and fully paid common shares.

Shares issued during the year ended December 31, 2021

On January 6, 2021, the Company completed a non-brokered private placement of 500,000 units at CDN $0.15 per unit for gross proceeds of CDN $75,000. Each unit consisted of one common share and one common share purchase warrant exercisable into one share at a price of CDN $0.20 per share for a period of two years from the date of issue. The fair value of the warrants of CDN was determined using the Black-Scholes pricing model with a risk-free rate of 0.9565%, a volatility factor of 183.82%, dividends of nil, and an expected life of the warrants of two years. CDN $43,842 was allocated to the value of warrants based on the proportion of subscription price, fair value of warrants and price of shares. No share issuance costs were incurred in connection with the private placement.

On September 17, 2021, the Company completed a non-brokered private placement of 12,500,000 units at CDN $0.15 per unit for gross proceeds of CDN $1,875,000. Each unit consisted of one common share and one common share purchase warrant; two warrants are exercisable into one share at a price of CDN $0.25 per share for a period of two years from the date of issue. The fair value of the warrants of was determined using the Black-Scholes pricing model with a risk-free rate of 0.4583%, a volatility factor of 171.67%, dividends of nil, and an expected life of the warrants of two years. CDN$554,846 was allocated to the value of warrants based on the proportion of subscription price, fair value of warrants and price of shares. Share issuance costs of CDN $15,697 were incurred in connection with the private placement. The Company also issued 9,333 broker warrants with the same terms and conditions with a fair market value of CDN $1,541.

During the year ended December 31, 2021, the Company issued 5,000,000 common shares pursuant to the agreed assignment of the Musefu Gold Project. In relation to this agreement, the Company paid a finder's fee consisting of 330,000 common shares to arm's-length parties. The Company valued the 5,330,000 common shares at CDN $1,332,500 based on the trading value of the shares on date of issuance (Note 5).

7. Share Capital and Reserves (continued)

Issued share capital (continued)

During the year ended December 31, 2021, 1,831,100 shares were issued pursuant to the exercise of warrants for cash proceeds of CDN $146,106.

Shares issued during the year ended December 31, 2020

On July 17, 2020, the Company closed a non-brokered private placement of 23,500,000 units at a price of CDN$0.075 per unit for aggregate proceeds of CDN$1,762,500. Each unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of CDN$0.10 per share for a period of two years from the date of issuance. Finders' fees of CDN$21,109 and 281,160 common share purchase warrants exercisable at a price of CDN$0.10 for a period of two years with a fair value of $59,007 were issued in connection with the financing. The fair value of the finders' warrants issued was determined using the Black-Scholes option pricing model with the following assumptions: expected life of warrants: 2 years; volatility rate of 210.55%; risk-free interest rate of 0.24%; and a dividend rate of 0%.

During the year ended December 31, 2020, 933,333 common shares were issued to settle CDN$70,000 ($51,505) of debt.

During the year ended December 31, 2020, 40,125 shares were issued pursuant to the exercise of warrants for proceeds of $3,072.

Warrants

Warrant transactions for the year ended December 31, 2020 and 2021:

	Warrants	**Price (CND$)**
Balance, December 31, 2019	1,396,000	4.35
Issued	12,031,160	0.10
Exercised	(40,125)	0.10
Expired	(1,063,538)	2.87
Balance, December 31, 2020	12,323,497	0.17
Issued	6,759,330	0.09
Exercised	(1,831,100)	0.03
Expired	(332,463)	3.38
Balance, December 31, 2021	16,919,265	0.16

Warrants outstanding at December 31, 2021 are as follows:

Outstanding warrants	**Exercise price (CND$)**	**Expiry date**
9,984,375	0.10	July 17, 2022
175,560	0.10	July 17, 2022
500,000	0.25	January 6, 2023
6,249,997	0.25	September 17, 2023
9,333	0.25	September 17, 2023
16,919,265		

7. Share Capital and Reserves (continued)

Warrants (continued)

Subsequent to the year ended December 31, 2021 expiration date of 9,984,375 warrants exercisable at CAD$0.10 was extended to July 17, 2023.

Warrants outstanding at December 31, 2020 are as follows:

Outstanding warrants	Exercise price (CND$)	Expiry date
66,362	7.00	January 25, 2021
266,100	1.50	December 12, 2021
11,991,035	0.10	July 17, 2022
12,323,497		

Stock Options

The Company adopted a stock option plan whereby the Board of Directors may grant employees, consultants, directors and officers share purchase options. The aggregate number of options reserved for issuance may not exceed 10% of the Company's issued and outstanding shares at the date of the grant. In any twelve-month period, the Company will not grant more than 2% of the issued and outstanding shares of the Company to any one consultant or any one individual performing investor relations activities. The options vest in stages over twelve months, with no more than one-quarter of the options vesting over any three-month period.

Stock option transactions for the year ended December 31, 2021:

	Stock options	Price (CND$)
Balance, December 31, 2019	623,750	0.80
Granted	2,000,000	0.40
Balance, December 31, 2020	2,623,750	0.48
Granted	3,000,000	0.20
Expired	(170,000)	0.47
Balance, December 31, 2021	5,453,750	0.33

Total stock-based compensation for the year ended December 31, 2021, was $462,824 (2020 – $505,405). The fair value of options granted was determined using the Black-Scholes option pricing model using the following assumptions: expected life of options: 5 years (2020 – 5 years); volatility rate of 183.82% (2020 – 194.51%); risk-free interest rate of 0.9565% (2020– 0.34%); and a dividend rate of 0% (2020 – 0%).

Stock options outstanding at December 31, 2021 are as follows:

Outstanding options	Vested options	Exercise price (CND$)	Expiry date
25,000	25,000	6.60	December 18, 2022
462,500	462,500	0.50	June 20, 2024
21,250	21,250	0.50	August 29, 2024
1,945,000	1,945,000	0.40	September 1, 2025
1,000,000	1,000,000	0.20	March 31, 2026
2,000,000	2,000,000	0.20	October 4, 2026
5,453,750	5,453,750		

7. Share Capital and Reserves (continued)

Stock options (continued)

Stock options outstanding at December 31, 2020 are as follows:

Outstanding options	Vested options	Exercise price (CND$)	Expiry date
25,000	25,000	6.60	December 18, 2022
547,500	547,500	0.50	June 20, 2024
51,250	51,250	0.50	August 29, 2024
2,000,000	2,000,000	0.40	September 1, 2025
2,623,750	2,623,750		

8. Related Party Transactions

Related party transactions for the years ended December 31, 2021 and 2020 are as follows:

Period ended	December 31, 2021	December 31, 2020
Management fees accrued or paid to companies controlled by officers of the Company	631,921	384,544
Interest Paid on loan from a director	-	4,988
Share-based payments	287,844	346,012
	909,822	735,544

See Note 3 and 5 for additional related party transactions.

Included in trade payables and accrued liabilities at December 31, 2021, is $Nil (December 31, 2020 - $745,345) due to directors and officers of the Company. Amounts due to related parties are non-interest bearing, unsecured and due on demand.

During the year ended December 31, 2021 $750,337 (2020 - $nil) in due to directors and officers of the Company were forgiven.

In June 2020, the Company entered into debt settlement agreements with directors and officers of the Company to settle debt of $49,715 through the issuance of 487,764 common shares.

9. Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. Management approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies.

9. Financial Risk and Capital Management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from financings and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements or through proceeds from loans. The Company's access to financing is uncertain. There can be no assurance of continued access to necessary levels of equity funding. *(Note 1)*

Foreign exchange risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company does not hedge its exposure to fluctuations in exchange rates. The Company has operations in Canada, the DRC and in Namibia, which gives rise to the risk that its financial instruments may be adversely impacted by exchange rate fluctuations. The Company has expenditures in both the Canadian and the US dollar.

A significant change in the currency exchange rate between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations.

A 10% change in the Canadian dollar to the U.S. dollar exchange rate would impact the Company's net loss by $72,451.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash, accounts receivable, prepaid expenses, trade payables and accrued liabilities. The fair value of cash approximates its carrying value due to its short-term maturity. The fair value of accounts receivable, prepaid expenses and trade payables and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk.

9. Financial Risk and Capital Management (continued)

Fair value

The Company's financial instruments consist of cash, accounts receivable, prepaid expenses, trade payables and accrued liabilities. The fair value of cash approximates its carrying value due to its short-term maturity. The fair value of accounts receivable, prepaid expenses and trade payables and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk.

IFRS establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted prices in active markets for the same instrument.

Level 2 – Valuation techniques for which significant inputs are based on observable market data.

Level 3 – Valuation techniques for which any significant input is not based on observable market data.

10. Segmented information

Geographic segments

All of the Company's assets are located in Canada and in Democratic Republic of Congo.

11. Income tax

a) The Company has accumulated non-capital losses for income tax purposes as of December 31, 2021 that may be used to reduce future taxable income. These losses expire as follows:

		CAD	**Expiry**
Canada	$	10,656,765	2027-2039

The recovery of income taxes differs from the amounts computed by applying statutory tax rates to the loss before income taxes due to the following:

		December 31, 2021		**December 31, 2020**
Loss for the year before income taxes	$	724,512	$	1,452,078
Statutory tax rate		27%		27%
Income tax recovery based on the above rates	$	195,618	$	392,061
Permanent differences		124,962		(150,323)
Difference between foreign and Canadian tax rates		-		-
Foreign exchange		(7,086)		119,707
Resource property written off for tax purposes		-		3,374,812
Other		-		-
Losses and temporary differences for which no deferred tax asset has been recognized		(313,494)		(3,736,256)
Income tax expense	**$**	-	**$**	-

11. Income tax (continued)

b) Deferred income taxes arise from temporary differences in the recognition of income and expense for the financial reporting and tax purposes. The significant components of deferred tax assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
Unrecognized deferred tax assets (liability)	$ -	$ -
Resource property	$ -	$ -
Share issuance costs and other	15,769	106,173
Operating loss carry-forwards	2,877,326	5,841,024
Unrecognized deferred tax assets	$ 2,893,095	$ 5,947,197

No deferred tax assets are currently recognized.