African Energy Metals Inc.

(formerly Central African Gold Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2022 and 2021

(Expressed in United States Dollars, unless otherwise noted)

African Energy Metals Inc.

(formerly Central African Gold Inc.)

(the “Company”)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2022 and 2021

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of African Energy Metals Inc. (formerly Central African Gold Inc.) is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

May 25, 2022

African Energy Metals Inc. (formerly Central African Gold Inc.)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in United States dollars unless otherwise noted - Unaudited)

	Notes	March 31, 2022 (unaudited)	December 31, 2021 (audited)
ASSETS			
Current assets			
Cash		$ 2,596	$ 165,020
Accounts receivable		18,595	27,143
Prepaid expenses	3	80,137	51,776
		101,328	243,939
TOTAL ASSETS		**$ 101,328**	**$ 243,939**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	4,6	$ 85,512	$ 38,201
		85,512	38,201
SHAREHOLDERS' DEFICIENCY			
Share capital	5	19,097,110	19,097,123
Reserves	5	8,229,425	8,229,425
Accumulated other comprehensive loss		83,783	83,306
Deficit		(27,394,502)	(27,204,116)
SHAREHOLDERS' EQUITY (DEFICIENCY)		15,816	205,738
TOTAL LIABILITY AND SHAREHOLDERS' DEFICIENCY		**$ 101,328**	**$ 243,939**

Nature of operations and going concern (Note 1)
Subsequent Event (Note 9)

On behalf of the Board of Directors:

"Stephen Barley" Director

"Michael Townsend" Director

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

(Expressed in United States dollars unless otherwise noted - Unaudited)

	Notes	Three months ended March 31, 2022	Three months ended March 31, 2021
EXPENSES			
Filing fees		$ 10,043	$ 6,277
Investor relations		38,639	-
Management fees	6	39,490	172,857
Consulting fees		48,810	-
Office expense		2,525	1,568
Professional fees		24,151	12,176
Project generation		18,457	-
Share-based payment		-	175,086
Travel and accommodation		8,454	80,663
TOTAL EXPENSES		(190,569)	(448,627)
OTHER INCOME			
Gain on foreign exchange		183	222
TOTAL OTHER INCOME		183	222
NET LOSS		(190,386)	(448,405)
OTHER COMPREHENSIVE INCOME			
Exchange difference on translation		477	(13,454)
TOTAL COMPREHENSIVE LOSS		**$ (189,909)**	**$ (461,859)**
Basic and income (loss) per share		$ (0.00)	$ (0.01)
Weighted average number of shares outstanding		56,221,955	36,551,480

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

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

	Share Capital						
	Number	Amount	Reserves	Shares to be issued	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2020	**36,060,924**	**$ 16,816,75**	**$ 7,341,858**	**$ -**	**$ 6,117**	**$ (26,479,604**	**$ (2,314,877)**
Private placement	500,000	24,563	34,562	-	-	-	59,125
Share to be issued	-	-	-	71,571	-	-	71,571
Warrants exercised for cash	37,500	3,575	(619)	-	-	-	2,956
Share based payment	-	-	176,269	-	-	-	176,269
Exchange difference in translation	-	-	-	-	(13,454)	-	(13,454)
Net loss	-	-	-	-	-	(448,405)	(448,405)
Balance, March 31, 2021	**36,598,424**	**$ 16,844,890**	**$ 7,552,070**	**$ 71,571**	**$ (7,337)**	**$ (26,928,009)**	**$ (2,466,815)**
Balance, December 31, 2021	**56,222,024**	**$ 19,097,123**	**$ 8,229,425**	**$ -**	**$ 83,306**	**$ (27,204,116)**	**$ 205,738**
Shares cancelled	(167)	(13)	-	-	-	-	(13)
Exchange difference in translation	-	-	-	-	477	-	477
Net loss	-	-	-	-	-	(190,386)	(190,386)
Balance, March 31, 2022	**56,221,857**	**$ 19,097,110**	**$ 8,229,425**	**$ -**	**$ 83,783**	**$ (27,394,502)**	**$ 15,816**

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

(Expressed in United States dollars unless otherwise noted - Unaudited)

		Three months ended March 31, 2022		Three months ended March 31, 2021
Operating activities				
Net loss	**$**	**(190,386)**	**$**	**(448,405)**
Items not affecting cash				
Share based payments		-		176,270
Shares cancelled		(13)		-
Foreign exchange		645		(13,455)
Changes in non-cash working capital items:				
Receivables		8,152		1,435
Prepaid		(29,116)		19,778
Accounts payable and accrued liabilities		47,868		173,580
Net cash outflow from operating activities		**(162,850)**		**(90,797)**
Financing activities				
Warrant exercised for cash		-		2,956
Shares to be issued		-		71,571
Net cash inflow from financing activities		**-**		**74,527**
Currency impact on cash		426		-
Increase in cash	$	(162,424)	$	(16,270)
Cash, beginning of period		165,020		25,223
Cash, end of period	**$**	**2,596**	**$**	**8,953**

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

1. Nature of Operations and Going Concern

On March 27, 2007, African Energy Metals In. (formerly Central African Gold Inc.) ("the Company"), 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 March 31, 2022, the Company had not yet achieved profitable operations. During the period ended March 31, 2022, the Company incurred net loss of $190,386 (2021 – $448,405) and had a cash outflow from operating activities of $162,850 (2021 - $90,797). As of March 31, 2022, the Company had a working capital (current assets minus current liabilities) of $15,816 (December 31, 2021 – $205,738) and a cumulative deficit of $27,394,502 (December 31, 2021 - $27,204,116).

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. Basis of Preparation

These condensed consolidated interim financial statements were authorized for issue by the directors of the Company on May 25, 2022.

Statement of compliance with International Financial Reporting Standards

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2021.

Basis of preparation

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

Basis of consolidation

The condensed consolidated interim financial statements of the Company as at March 31, 2022 include the accounts of its wholly owned subsidiary Bankers Cobalt Acquisition Corp. located in Canada.

(Expressed in United States dollars unless otherwise noted - Unaudited)

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

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.

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. Prepaid Expenses

	March 31, 2022	December 31, 2021
Prepaid consulting fee	$ 76,029	$ 47,326
Prepaid listing fee	4,108	4,450
	$ 80,137	$ 51,776

4. Trade Payables and Accrued Liabilities

	March 31, 2022	December 31, 2021
Trade payables	$ 45,057	$ 13,741
Accrued liabilities	40,455	24,460
Total	$ 85,512	$ 38,201

Included in trade payables and accrued liabilities at March 31, 2022, is $6,907 (December 31, 2021 - $Nil) (Note 6) due to directors and officers of the Company.

5. Share Capital and Reserves

Authorized share capital
An unlimited number of common shares without par value.

Issued share capital
At March 31, 2022, there were 56,221,857 (December 31, 2021 – 56,222,024) issued and fully paid common shares.

Shares transactions during the period ended March 31, 2022

During the period ended March 31, 2022, 167 common shares were cancelled pursuant to shareholder forfeiture of common shares.

(Expressed in United States dollars unless otherwise noted - Unaudited)

5. Share Capital and Reserves (continued)

Warrants

Warrant transactions for the period ended March 31, 2022:

	Warrants	Price (CDN$)
Balance, December 31, 2021 and March 31, 2022	16,919,265	0.16

Warrants outstanding at March 31, 2022 are as follows:

Outstanding warrants	Exercise price (CDN$)	Expiry date
9,984,375	0.10	July 17, 2023*
175,560	0.10	July 17, 2023*
500,000	0.25	January 6, 2023
6,249,997	0.15*	September 17, 2023
9,333	0.15*	September 17, 2023
16,919,265		

**Changes subsequent to period end (Note 9) had been reflected in the table*

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 period ended March 31, 2022:

	Stock options	Price (CDN$)
Balance, December 31, 2021	5,453,750	0.33
Cancelled	(400,000)	0.20
Balance, March 31, 2022	**5,053,750**	**0.34**

Stock options outstanding at March 31, 2022 are as follows:

Outstanding options	Vested options	Exercise price (CDN$)	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
1,600,000	1,600,000	0.20	October 4, 2026
5,053,750	**5,053,750**		

(Expressed in United States dollars unless otherwise noted - Unaudited)

6. Related Party Transactions

Related party transactions for the period ended March 31, 2022 and 2021 are as follows:

Period ended	**March 31, 2022**	**March 31, 2021**
Management fees accrued or paid to companies controlled by officers of the Company	$ 23,694	$ 107,393
Share-based payments	-	158,643
	$ 23,694	**$ 266,036**

Included in trade payables and accrued liabilities at March 31, 2022, is $6,907 (December 31, 2021 - $Nil) (Note 4) due to directors and officers of the Company. Amounts due to related parties are non-interest bearing, unsecured and due on demand.

7. 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.

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).* Management may require to seek additional sources of financing in the form of equity or debt financing in the future. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

7. Financial Risk and Capital Management

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 $1,127.

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.

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.

8. Segmented information

Geographic segments

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

9. Subsequent events

- Extended the expiration date of 10,159,935 warrants exercisable at CDN$0.10 was extended to July 17, 2023; and
- Reduced the exercise price of 6,259,330 warrants from $0.25 (CDN) to $0.15 (CDN).