

AFRICAN ENERGY METALS INC.
(formerly Central African Gold Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS
Three Months Ended March 31, 2022 and 2021

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This discussion and analysis should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes thereto for the three months ended March 31, 2022 and 2021 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB. All amounts in the financial statements and this discussion and analysis are presented in United States dollars, unless otherwise indicated. This Management Discussion and Analysis ("MD&A") is dated May 25, 2022 and discloses specified information up to that date.

FORWARD LOOKING INFORMATION

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to African Energy Metals Inc. ("Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the exploration projects in Democratic Republic of Congo ("DRC") as described below. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

1. DESCRIPTION OF BUSINESS

On March 27, 2007, African Energy Metals Inc. (formerly Central African Gold Inc.), was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia). The Company commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol NMD.V on February 7, 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 effective February 12, 2022.

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

The Company is engaged in the acquisition, exploration, and development of mineral resources in the Democratic Republic of Congo.

On March 11, 2020, the novel coronavirus outbreak ("COVID-19") outbreak 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 activities as well as the Company's ability to evaluate, explore and conduct business. These conditions result in significant uncertainties that may cast substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not give effect to adjustments

that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

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 included, among other things, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs.

A commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications, or SWIFT, the electronic banking network that connects banks globally; a ban of oil imports from Russia to the United States; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. Additional sanctions may be imposed in the future. 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, engineering and defense and defense-related materials sectors; result in a decline in the value and liquidity of Russian securities; result in boycotts, tariffs, and purchasing and financing restrictions on Russia's government, companies and certain individuals; weaken the value of the ruble; downgrade the country's credit rating; freeze Russian securities and/or funds invested in prohibited assets and impair the ability to trade in Russian securities and/or other assets; and have other adverse consequences on the Russian government, economy, companies and region. Further, several large corporations and U.S. states have announced plans to divest interests or otherwise curtail business dealings with certain Russian businesses.

The ramifications of the hostilities and sanctions may not be limited to Russia, Ukraine and Russian and Ukrainian companies and may spill over to and negatively impact other regional and global economic markets (including Europe, Canada and the United States), companies in other countries (particularly those that have done business with Russia and Ukraine) and on various sectors, industries and markets for securities and commodities globally, such as oil and natural gas. 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, industries, and companies. In addition, Russia may take retaliatory actions and other countermeasures, including cyberattacks and espionage against other countries and companies around the world, which may negatively impact such countries and companies.

The extent and duration of the military action or future escalation of such hostilities, the extent and impact of existing and future sanctions, market disruptions and volatility, and the result of any diplomatic negotiations cannot be predicted.

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.

Update and preliminary projections for the industrial solar and carbon credit initiative

The Company retained EcoMetrix and Inerjys Ventures to assist in the development of a favorable business case utilizing industrial solar to generate positive revenue and carbon credits focused on the Democratic Republic of Congo (DRC). EcoMetrix is based in Johannesburg, South Africa and are experts on carbon credits in Africa. Inerjys Ventures is based in Montreal, Canada and are a cleantech

investment fund. The approach taken by the Company was to develop a viable business model utilizing sustainable alternate energy to solve an existing problem while generating carbon credits and providing an Environmental, Social, and Governance (ESG) benefit. The preliminary financial model indicates these goals can be achieved and provide a significant early stage and long-term revenue source for the Company. Like most African countries, the DRC is lacking dependable power in sufficient quantity due to an inadequate power grid. As a result, industrial facilities, and in particular mining processing operations, supplement electrical grid power with diesel generators. In addition to the negative environmental impacts of burning diesel fuel, the cost per kilowatt-hour (kWh) for diesel generated power is roughly five times the cost per kWh of solar-generated power. African Energy Metals' business plan will provide a cleaner hybrid solar/diesel/grid power solution for mining processors, starting with a pilot solar project with a capacity up to 15mW. The business can be expanded to providing a stand-alone solution by the addition of power storage units. The Company is initially targeting mining processors through pre-existing relationships with the Company's DRC management team and their knowledge of the DRC mining sector. The Company has retained third parties to complete a feasibility study which is expected to be completed within 90 days.

2. LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

As at March 31, 2022, the Company had current assets of \$101,328 and current liabilities of \$85,512. There is a working capital of \$15,816 as at March 31, 2022.

The financial information presented in this MD&A is based on consolidated financial statements that have been prepared based on accounting principles applicable to a "going concern", which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has not generated any revenues or cash flows from operations to date. The Company expects that it will require additional debt or equity funding in the next 12 months in order to continue its planned exploration and evaluation activities and meet its business objectives. The Company plans to raise the necessary funds primarily through issuance of shares. The Company's ability to continue on a going concern basis is therefore dependent on its ability to successfully raise additional funds. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Furthermore, during the current period, the COVID-19 outbreak 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 our ability to explore and conduct business. These conditions result in significant uncertainties that may cast substantial doubt about the Company's ability to continue as a going concern. The Company's financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

In February 2022, 167 common shares were cancelled pursuant to shareholder forfeiture of common shares.

3. RESULTS OF OPERATIONS

The information for the three-month periods ended March 31, 2022 and 2021 is based on the condensed consolidated interim financial statements:

Three months ended March 31

	2022	2021
Expenses		
Filing fee	\$ 10,043	\$ 6,277
Investor relations	38,639	-
Management fees	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)

THREE MONTHS ENDED MARCH 31, 2022 COMPARED TO THREE MONTHS ENDED MARCH 31, 2021

For the quarter ended March 31, 2022, net loss was \$190,386 compared to net loss of \$448,405 recorded during the same period in 2021. Material variances from the prior year period are as follows:

- An increase in investor relations of \$38,639 due to increased activities in business development and shareholder awareness in the current quarter;
- A decrease in management fees of \$133,367 due to management decision to preserve resources for project generation;
- An increase of \$48,810 in consulting fees in connection to services engaged for corporate development, there were no such costs in the first quarter of the prior year;
- An increase of \$11,975 in professional fees due to increased services provided during the year end audit of December 31, 2021. The services related to complex transactions occurred during the prior year;
- A decrease of \$72,209 in travel and accommodations as the Company decreased travel activities in prospecting for new mining projects and site visits compared to the prior year;
- An increase of \$18,457 in project generation due to professional costs incurred for sourcing new mining projects; and
- A decrease of \$175,086 in share-based payments as no stock options were granted in the current period compared to 1,000,000 options granted during the three-month period ended March 31, 2021.

4. SUMMARY OF QUARTERLY FINANCIAL INFORMATION

The following Information is derived from unaudited interim financial statements:

Fiscal quarter ended	Net income (loss), \$	Income (loss) from continuing operations per share (1), \$	Net comprehensive income (loss) (2), \$
March 31, 2022	(190,386)	(0.00)	(189,909)
December 31, 2021	532,279	0.01	587,597
September 30, 2021	(558,653)	(0.02)	(513,847)
June 30, 2021	(249,733)	(0.01)	(259,214)
March 31, 2021	(448,405)	(0.01)	(461,859)
December 31, 2020	(249,096)	(0.01)	(324,040)
September 30, 2020	(605,875)	(0.02)	(553,635)
June 30, 2020	(336,909)	(0.03)	(402,518)

(1) Loss per share is rounded to the nearest cent

(2) Explanation for increase/decrease in income/loss can be found under Results of operations

5. TRANSACTIONS WITH RELATED PARTIES

Related party transactions for the three months 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

See Note 3 *Results of operations* for additional related party transactions details.

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

6. 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.

ii) Economic recoverability and probability of future benefits of the advances for exploration and evaluation costs.

7. RISKS RELATED TO THE COMPANY'S BUSINESS

Resource exploration is a speculative business and involves a high degree of risk. There is a probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis to further the development of a property. Capital expenditures to support the commercial production stage are also very substantial.

The following sets out the principal risks faced by the Company.

COVID 19. The Company's business could be significantly adversely affected by the effects of any widespread global outbreak of contagious diseases. A significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for the Company's products and likely impact operating results. In particular, the recent outbreak of COVID-19 has had a negative impact on global financial conditions. The Company cannot accurately predict the impact COVID-19 will have on the Company's business, including its ability to obtain financing or third parties' ability to meet their obligations to the Company, as well as due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.

War in the Ukraine. 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.

Financing risks. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. As at March 31, 2022, the Company had not yet achieved profitable operations. During the three months ended March 31, 2022, the Company incurred a net loss of \$190,386 (2021 – \$448,405), a cash outflow from operating activities of \$162,850 (2021 - \$90,797) and, as of March 31, 2022, the Company had a working capital (current assets minus current liabilities) of \$15,816 (December 31, 2021 – \$205,738).

The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining

financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Exploration risk. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market risks. The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Commodity price risks. The Company's exploration projects seek copper and cobalt in the DRC. While each of these minerals have recently been the subject of significant price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Currency risks. The Company's exploration expenditures are predominately in US dollars and equity raised is predominately in Canadian dollars. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company is subject to fluctuations in foreign currency exchange rates and currently does not use derivative instruments to reduce its exposure to foreign currency risk.

Key personnel risks. The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition. Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Cyber Security Risks. As the Company continues to increase its dependence on information

technologies to conduct its operations, the risks associated with cyber security also increase. The Company relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results, Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Company has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks.

The Company believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications

Foreign Countries and Regulatory Requirements. Currently, the Company has subsidiaries located in the DRC. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation, and political risk. Both mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental legislation, water use, labour standards and workplace safety. The Company maintains the majority of its funds in Canada and only forwards sufficient funds to meet current obligations.

Environmental and Other Regulatory Requirements. The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or

extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties.

To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations. The Company has incurred net losses to date. Its deficit as of March 31, 2022 was \$27,394,502. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably, or provide a return on investment in the future.

Uninsurable risks. The Company and its subsidiaries may become subject to liability for pollution, fire, explosion, against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

8. OTHER MD&A DISCLOSURE REQUIREMENTS

Information available on SEDAR

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website <http://www.sedar.com/>

Outstanding Share Data

As at the date of this MD&A, the Company had 56,221,857 common shares outstanding. As at the same date there were 16,919,265 warrants outstanding at exercise prices ranging from CDN \$0.10 to \$0.25 per share and 5,053,750 stock options outstanding at exercise prices ranging from CDN \$0.20 to \$6.60 per share.

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
6,259,330	0.15	September 17, 2023
16,919,265		

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

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

Vancouver, British Columbia

May 25 2022