

**African Energy Metals Inc.**

**(formerly Central African Gold Inc.)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Six months ended June 30, 2023 and 2022**

**(Expressed in United States Dollars, unless otherwise noted)**

**African Energy Metals Inc.**  
**(formerly Central African Gold Inc.)**  
**(the “Company”)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Six months ended June 30, 2023 and 2022**

**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 consolidated 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.

August 29, 2023

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

	Notes	June 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 52	\$ 62,745
Accounts receivable		8,478	15,006
Prepaid expenses	3	23,056	16,093
		31,586	93,844
<b>Non-current assets</b>			
Deferred cost	4	199,399	-
<b>TOTAL ASSETS</b>		<b>\$ 230,985</b>	<b>\$ 93,844</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	5,7	\$ 512,011	\$ 249,777
Loans from related parties	7	\$ 10,574	-
<b>TOTAL LIABILITIES</b>		<b>522,585</b>	<b>249,777</b>
<b>SHAREHOLDERS' DEFICIT</b>			
Share capital	6	19,951,931	19,756,172
Reserves	6	8,442,791	8,430,469
Share subscriptions receivable	6	-	(36,881)
Accumulated other comprehensive loss		89,209	92,922
Deficit		(28,775,531)	(28,398,615)
<b>SHAREHOLDERS' DEFICIT</b>		<b>(291,600)</b>	<b>(155,933)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		<b>\$ 230,985</b>	<b>\$ 93,844</b>

**Nature of operations and going concern** (Note 1)

**Subsequent Event** (Note 10)

On behalf of the Board of Directors:

"Stephen Barley" Director

"Shu Zhan" Director

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 Loss and Comprehensive Loss  
(Expressed in United States dollars unless otherwise noted)

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
<b>EXPENSES</b>				
Filing fees	\$ 17,890	\$ 5,658	\$ 25,881	\$ 15,701
Investor relations	281	27,901	2,865	66,540
Management fees	55,887	52,936	118,736	92,426
Consulting fees	-	28,611	-	77,421
Office expense	5,525	1,556	8,860	4,081
Professional fees	31,695	54,594	97,177	78,745
Project generation	17,316	(75)	51,665	18,382
Share-based payments	-	-	12,322	-
Travel and accommodation	245	9,406	58,267	17,860
<b>TOTAL EXPENSES</b>	<b>(128,839)</b>	<b>(180,587)</b>	<b>(375,773)</b>	<b>(371,156)</b>
<b>OTHER INCOME (EXPENSE)</b>				
Interest expense	(2)	-	(393)	-
Gain (loss) on foreign exchange	1,051	(1,632)	(750)	(1,449)
<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>1,049</b>	<b>(1,632)</b>	<b>(1,143)</b>	<b>(1,449)</b>
<b>NET LOSS</b>	<b>(127,790)</b>	<b>(182,219)</b>	<b>(376,916)</b>	<b>(372,605)</b>
<b>OTHER COMPREHENSIVE LOSS</b>				
Exchange difference on translation	(4,919)	2,049	(3,713)	2,526
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>\$ (132,709)</b>	<b>\$ (180,170)</b>	<b>\$ (380,629)</b>	<b>\$ (370,079)</b>
Basic and diluted loss per share	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>
Weighted average number of shares outstanding	<b>20,067,952</b>	<b>14,154,353</b>	<b>20,058,836</b>	<b>14,105,188</b>

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' Equity (Deficit)  
(Expressed in United States dollars unless otherwise noted)

	Share Capital			Reserves	Accumulated		Deficit	Total
	Number	Amount	Subscription receivable		Other Comprehensive			
Balance at December 31, 2021	56,222,024	\$ 19,097,123	\$ 8,229,425	\$ -	\$ 83,306	\$ (27,204,116)	\$ 205,738	
Private placement	6,000,000	194,601	37,363	-	-	-	231,965	
Share issuance costs	-	(3,428)	(658)	-	-	-	(4,087)	
Shares cancelled	(167)	(13)	-	-	-	-	(13)	
Exchange difference on translation	-	-	-	-	2,526	-	2,526	
Net loss	-	-	-	-	-	(372,605)	(372,605)	
<b>Balance at June 30, 2022</b>	<b>62,221,857</b>	<b>\$ 19,288,283</b>	<b>\$ 8,266,130</b>	<b>\$ -</b>	<b>\$ 85,832</b>	<b>\$ (27,576,721)</b>	<b>\$ 63,524</b>	
Balance at December 31, 2022	19,242,952	\$ 19,756,172	\$ 8,430,469	\$ (36,881)	\$ 92,922	\$ (28,398,615)	\$ (155,933)	
Shares issued for property purchased	825,000	195,759	-	-	-	-	195,759	
Share subscription received	-	-	-	36,881	-	-	36,881	
Share-based payments	-	-	12,322	-	-	-	12,322	
Exchange difference in translation	-	-	-	-	(3,713)	-	(3,713)	
Net loss	-	-	-	-	-	(376,916)	(376,916)	
<b>Balance at June 30, 2023</b>	<b>20,067,952</b>	<b>\$ 19,951,931</b>	<b>\$ 8,442,791</b>	<b>\$ -</b>	<b>\$ 89,209</b>	<b>\$ (28,775,531)</b>	<b>\$ (291,600)</b>	

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 Cash Flows  
(Expressed in United States dollars unless otherwise noted)

	Six months ended June 30, 2023	Six months ended June 30, 2022
<b>Operating activities</b>		
Net loss	\$ (376,916)	\$ (372,605)
Items not affecting cash		
Share-based payments	12,322	-
Foreign exchange	-	2,526
Changes in non-cash working capital items:		
Accounts receivable	6,182	9,393
Prepaid expenses	(7,334)	(78,524)
Trade payables and accrued liabilities	267,985	160,030
<b>Net cash outflow from operating activities</b>	<b>(97,761)</b>	<b>(279,181)</b>
<b>Financing activities</b>		
Issuance of common shares, net of share issuance costs	-	175,226
Share subscription received	36,881	-
Loans from related parties	10,574	-
<b>Net cash inflow from financing activities</b>	<b>47,455</b>	<b>175,226</b>
Foreign exchange impact on balance sheet	(12,387)	-
Increase (decrease) in cash	(62,693)	(103,955)
Cash, beginning of period	62,745	165,020
<b>Cash, end of period</b>	<b>\$ 52</b>	<b>\$ 61,065</b>
Significant non-cash transaction:		
Issuance of common shares in advance of closing of the assignment transaction	\$ 195,070	\$ -

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 Inc. (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.

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

These condensed consolidated interim 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 June 30, 2023, the Company had not yet achieved profitable operations. During the period ended June 30, 2023, the Company incurred net loss of \$376,916 (2022 – \$372,605) and had a cash outflow from operating activities of \$97,761 (2022- \$279,181). As of June 30, 2023, the Company had a working capital deficit (current assets minus current liabilities) of \$490,999 (December 31, 2022 – deficit of \$155,933) and a cumulative deficit of \$28,775,531 (December 31, 2022 – deficit of \$28,398,615).

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.

**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 August 29, 2023.

***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, 2022.

***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.



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

***Basis of consolidation***

These condensed consolidated interim financial statements of the Company as at June 30, 2023 include the accounts of its wholly owned subsidiary Bankers Cobalt Acquisition Corp. located in Canada.

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**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Prepaid consulting fees	\$ 19,068	\$ 15,404
Prepaid listing fees	3,988	689
	<b>\$ 23,056</b>	<b>\$ 16,093</b>

**4. Deferred Cost**

**Assignment Agreement**

On January 3, 2023, the Company entered into an assignment agreement with AuClair ECC SASU ("AuClair") to acquire 100% interest in an agreement with Amur Sarl ("Amur") regarding a 60/40 joint venture on the project. The project is held 100% by Compagnie Miniere de Kalehe SA ("CMK") which is a joint venture between Amur and Societe Aurifere du Kivu et du Maniema SA ("Sakima"). The Company would acquire a 60% interest in CMK. In consideration of the assignment, the Company issued 750,000 common shares with a fair value of CDN \$240,000 to AuClair, and will pay US\$150,000 to Amur upon successful completion of due diligence and execution of formal agreements. The Company also paid a finder's fee of 75,000 common shares with a fair value of CDN\$24,000 to arm's length parties in accordance with TSXV policies (Note 6).

**5. Trade Payables and Accrued Liabilities**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Trade payables	\$ 407,885	\$ 13,741
Accrued and other liabilities	104,126	24,460
<b>Total</b>	<b>\$ 512,011</b>	<b>\$ 249,777</b>

Included in trade payables and accrued liabilities at June 30, 2023, is \$46,246 (December 31, 2022 - \$33,721) due to directors and officers of the Company (Note 7).

Amounts due to related parties are non-interest bearing, unsecured and due on demand.

**6. Share Capital and Reserves**

Effective April 10, 2023, the Company consolidated all its issued and outstanding common shares on the basis of 1 new share for every 4 old shares (the "Consolidation") (Note 12). All references herein to the number of shares, options, warrants, weighted average number of common shares and loss per share have been retrospectively restated for the Consolidation, including all such numbers presented for the prior periods.

***Authorized share capital***

An unlimited number of common shares without par value.

***Issued share capital***

At June 30, 2023, there were 20,067,952 (December 31, 2022 – 19,242,952) shares issued and outstanding.

The Company issued 750,000 common shares with a fair value of CDN \$240,000 in connection with an assignment agreement (Note 4) in addition the Company paid a finders fee of 75,000 common shares with fair value of CDN\$24,000 to arm's length parties in accordance with TSXV policies.

***Warrants***

Warrant transactions for the period ended June 30, 2023:

	<b>Warrants</b>	<b>Price (CDN\$)</b>
Balance, December 31, 2022	5,935,924	0.49
Expired	(125,000)	1.00
<b>Balance, June 30, 2023</b>	<b>5,810,924</b>	<b>0.48</b>

**6. Share Capital and Reserves (Continued)**

***Warrants (Continued)***

Warrants outstanding at June 30, 2023 are as follows:

<b>Outstanding Warrants</b>	<b>Exercise Price (CDN\$)</b>	<b>Expiry Date</b>
2,496,092	0.40	July 17, 2023
1,562,499	0.60	September 17, 2023
2,333	0.60	September 17, 2023
750,000	0.60	June 24, 2024
325,000	0.40	October 19, 2024
300,000	0.40	December 16, 2024
375,000	0.40	December 29, 2024
<b>5,810,924</b>		

***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 June 30, 2023:

	<b>Stock Options</b>	<b>Price (CDN\$)</b>
Balance, December 31, 2022	1,223,750	0.53
Granted	62,500	0.28
<b>Balance, June 30, 2023</b>	<b>1,286,250</b>	<b>0.52</b>

Total stock-based compensation for the period ended June 30, 2023 was \$12,322 (period ended June 30, 2022 – \$Nil). The fair value of options granted was determined using the Black-Scholes pricing model with the following assumptions: average expected life of options: 5; volatility rate of 169.71%; risk-free interest rate of 3.04%; and dividends of Nil.

Stock options outstanding at June 30, 2023 are as follows:

<b>Outstanding Options</b>	<b>Vested Options</b>	<b>Exercise Price (CDN\$)</b>	<b>Expiry Date</b>
75,000	75,000	0.40	September 28, 2025
250,000	250,000	0.80	March 31, 2026
400,000	400,000	0.80	October 4, 2026
498,750	498,750	0.20	November 23, 2027
62,500	62,500	0.28	February 6, 2028
<b>1,286,250</b>	<b>1,286,250</b>		

**7. Related Party Transactions**

Related party transactions for the six months ended June 30, 2023 and 2022 are as follows:

Period ended	June 30, 2023	June 30, 2022
Management fees accrued for or paid to companies controlled by officers of the Company	\$ 44,841	\$ 47,196

Included in trade payables and accrued liabilities at June 30, 2023, is \$46,246 (December 31, 2022 - \$33,721) due to directors and officers of the Company (Note 5).

Amounts due to related parties are non-interest bearing, unsecured and due on demand except for the USD \$10,574 loan advanced to the Company, which is unsecured, bears interest at 8%, compounded semi-annually, and matures on May 17, 2024.

**8. 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 financing 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 seeking 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.

## **8. Financial Risk and Capital Management (Continued)**

### ***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 \$46,961.

### ***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 and cash equivalents, accounts receivable, trade payables and accrued liabilities. The fair value of cash and cash equivalents approximates its carrying value due to its short-term maturity. The fair value of accounts receivable, 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.

**9. Segmented information**

**Geographic segments**

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

**10. Subsequent Event**

Subsequent to the period ended June 30, 2023, 2,496,092 warrants expired unexercised.

On August 23, 2023, the Company signed a promissory Note with GR7 Holdings, a company controlled by a related party, to provide a loan in the aggregate amount of CDN\$3,500 with interest at a rate of 8% compounded semi-annually. The loan is unsecured and matures on May 17, 2024.