African Energy Metals Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended June 30, 2024 and 2023

(Unaudited - Expressed in United States Dollars, unless otherwise noted)

African Energy Metals Inc.

(the “Company”)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended June 30, 2024 and 2023

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.

September 10, 2024

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

	Notes		June 30, 2024		December 31, 2023
ASSETS					
Current assets					
Cash		$	68	$	1,045
Accounts receivable			6,780		5,256
Prepaid expenses			2,925		1,636
TOTAL ASSETS		**$**	**9,773**	**$**	**7,937**
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	3,5	$	694,405	$	666,284
Loans payable	6		21,727		21,416
TOTAL LIABILITIES			**716,132**		**687,700**
SHAREHOLDERS’ DEFICIT					
Share capital	4		19,951,931		19,951,931
Reserves	4		8,442,791		8,442,791
Accumulated other comprehensive income			104,086		80,864
Deficit			(29,205,167)		(29,155,349)
SHAREHOLDERS' DEFICIT			**(706,359)**		**(679,763)**
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**$**	**9,773**	**$**	**7,937**

Nature of operations and going concern (Note 1)

On behalf of the Board of Directors:

“Stephen Barley” Director

“Joe Sandberg” Director

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

African Energy Metals Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in United States dollars unless otherwise noted)

	Notes	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
EXPENSES					
Filing fees		$ 1,824	$ 17,890	$ 4,887	$ 25,881
Investor relations		183	281	183	2,865
Management fees and consulting fees	5	-	55,887	18,096	118,736
Office expense		573	5,525	1,620	8,860
Professional fees		15,535	31,695	19,578	97,177
Project generation		44	17,316	1,189	51,665
Share-based payments	4	-	-	-	12,322
Travel and accommodation		-	245	1,417	58,267
TOTAL EXPENSES		18,159	128,839	46,970	375,773
NET LOSS BEFORE OTHER INCOME (EXPENSE)		(18,159)	(128,839)	(46,970)	(375,773)
OTHER INCOME (EXPENSE)					
Interest expense		(836)	(2)	(1,233)	(393)
Gain (loss) on foreign exchange		(464)	1,051	(1,615)	(750)
TOTAL OTHER INCOME (EXPENSE)		(1,300)	1,049	(2,848)	(1,143)
NET LOSS		**$ (19,459)**	**$ (127,790)**	**$ (49,818)**	**$ (376,916)**
OTHER COMPREHENSIVE INCOME (LOSS)					
Exchange difference on translation		6,736	(4,919)	23,222	(3,713)
TOTAL COMPREHENSIVE LOSS		**$ (12,723)**	**$ (132,709)**	**$ (26,596)**	**$ (380,629)**
Basic and diluted loss per share		**$ (0.00)**	**$ (0.01)**	**$ (0.00)**	**$ (0.02)**
Weighted average number of shares outstanding		**20,067,952**	**20,067,952**	**20,067,952**	**20,058,836**

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

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

	Share Capital						
	Number	Amount	Reserves	Share subscriptions receivable	Accumulated other comprehensive income	Deficit	Total
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 on translation	-	-	-	-	(3,713)	-	(3,713)
Net loss	-	-	-	-	-	(376,916)	(376,916)
Balance at June 30, 2023	20,067,952	$ 19,951,931	$ 8,442,791	$ -	$ 89,209	$ (28,775,531)	$ (291,600)
Balance at December 31, 2023	20,067,952	$ 19,951,931	$ 8,442,791	$ -	$ 80,864	$ (29,155,349)	(679,763)
Exchange difference on translation	-	-	-	-	23,222	-	23,222
Net loss	-	-	-	-	-	(49,818)	(49,818)
Balance at June 30, 2024	20,067,952	**$ 19,951,931**	**$ 8,442,791**	**$ -**	**$ 104,086**	**$ (29,205,167)**	**$ (706,359)**

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

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

	Six months ended June 30, 2024	Six months ended June 30, 2023
Operating activities		
Net loss	$ (49,818)	$ (376,916)
Items not affecting cash		
Share-based payments	-	12,322
Unrealized foreign exchange	(1,615)	-
Interest expense	1,233	-
Changes in non-cash working capital items:		
Accounts receivable	(1,347)	6,182
Prepaid expenses	(1,234)	(7,334)
Trade payables and accrued liabilities	46,835	267,985
Net cash outflow from operating activities	**(5,946)**	**(97,761)**
Investing activities		
Share subscription received	-	36,881
Loans from related parties	-	10,574
Net cash inflow from investing activities	**-**	**47,455**
Effect of foreign exchnage rate changes on cash	4,969	(12,387)
Decrease in cash	(977)	(62,693)
Cash, beginning of period	1,045	62,745
Cash, end of period	**$ 68**	**$ 52**
Significant non-cash transaction		
Issuance of common shares in advance of closing of the assignment transaction	$ -	$ 195,759

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. ("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. On August 25, 2020, the Company changed its name to Central African Gold Inc. On February 7, 2022, the Company changed its name to African Energy Metals Inc. and was trading on the TSX Venture Exchange ("TSX-V") under the symbol CUCO. The Company's principal activity is the acquisition and exploration of mineral properties.

Going Concern

These condensed consolidated interim 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 June 30, 2024, the Company had not yet achieved profitable operations. During the six months ended June 30, 2024, the Company incurred a net loss of $49,818 (June 30, 2023 – $376,916) and had a cash outflow from operating activities of $5,946 (June 30, 2023 - $97,761). As of June 30, 2024, the Company had a working capital deficit of $706,359 (December 31, 2023 –$679,763) and an accumulated deficit of $29,205,167 (December 31, 2023 – $29,155,349).

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. Such adjustments could be material.

2. Material Accounting Policy Information

These condensed consolidated interim financial statements were authorized for issuance by the directors of the Company on September 10, 2024.

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, 2023.

2. Material Accounting Policy Information (continued)

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 June 30, 2024, 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 condensed consolidated interim 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 condensed consolidated interim financial statements.

3. Trade Payables and Accrued Liabilities

		June 30, 2024		**December 31, 2023**
Trade payables (Note 5)	$	585,786	$	618,631
Accrued and other liabilities		108,619		47,653
Total	**$**	**694,405**	**$**	**666,284**

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

4. Share Capital and Reserves

Authorized share capital

An unlimited number of common shares without par value.

As at June 30, 2024, there were 20,067,952 (December 31, 2023 – 20,067,952) common shares issued and outstanding.

Issued share capital

Shares transactions during the six months ended June 30, 2024

There were no share transactions during the six months ended June 30, 2024.

Warrants

On June 24, 2024, 750,000 share purchase warrants with an exercise price of $0.60 per share expired unexercised.

Warrant transactions for the six months ended June 30, 2024:

	Warrants	Price (CDN$)
Balance, December 31, 2023	**1,750,000**	**0.49**
Expired	(750,000)	0.60
Balance, June 30, 2024	**1,000,000**	**0.40**

Warrants outstanding at June 30, 2024 are as follows:

Outstanding Warrants	Exercise Price (CDN$)	Expiry Date
325,000	0.40	October 19, 2024
300,000	0.40	December 16, 2024
375,000	0.40	December 29, 2024
1,000,000		

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

4. Share Capital and Reserves (continued)

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 six months ended June 30, 2024:

	Stock Options	Price (CDN$)
Balance, December 31, 2023	**1,286,250**	**0.52**
Cancelled	(750,000)	0.72
Balance, June 30, 2024	**536,250**	**0.24**

Stock options outstanding at June 30, 2024 are as follows:

Outstanding and Exercisable Options	Exercise Price (CDN$)	Expiry Date
25,000	0.80	October 4, 2026
448,750	0.20	November 23, 2027
62,500	0.28	February 6, 2028
536,250		

Stock-based compensation for the six months ended June 30, 2024, was $Nil (June 30, 2023 – $12,322).

During the six months ended June 30, 2024, 750,000 stock options with an exercise price ranging from CDN$0.20 to CDN$0.80 per share were cancelled.

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

5. Related Party Transactions

Related party transactions for the six months ended June 30, 2024 and 2023 are as follows:

	June 30, 2024	June 30, 2023
Management fees and consulting fees	$ 7,308	$ 44,841

As at June 30, 2024, the Company owes $126,130 (December 31, 2023 - $117,203) to a company controlled by a director of the Company.

As at June 30, 2024, the Company owes $29,224 (December 31, 2023 - $30,621) to a company controlled by the former Chief Financial Officer of the Company.

6. Loans Payable

As at June 30, 2024, the Company owes a balance of $7,900 (December 31, 2023 - $7,574) to a former related party. During the six months ended June 30, 2024, the Company accrued interest of $326 (June 30, 2023 - $93). The loan is unsecured, bears interest at 8% per annum compounded semi-annually, and due on demand.

As at June 30, 2024, the Company owes a balance of $13,096 (CDN$17,989) (December 31, 2023 - $13,086 (CDN$17,297)) to a company controlled by the former Chief Financial Officer of the Company. During the six months ended June 30, 2024, the Company accrued interest of $506 (CDN$692) (June 30, 2023 - $Nil) in relation to this loan. The loans are unsecured, bears interest at 8% per annum compounded semi-annually with maturity on May 17, 2024. After maturity, the loan became due on demand and the loan balance remains unpaid as of June 30, 2024.

As at June 30, 2024, the Company owes $731 (CDN$1,000) (December 31, 2023 - $756 (CDN$1,000)) to a company controlled by a former director of the Company, which is unsecured, non-interest bearing, 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.

7. 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 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.

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.

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 $58,623.

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.

7. Financial Risk and Capital Management (continued)

Fair value

The Company's financial instruments consist of cash, trade payables and accrued liabilities and loans payable. The fair values of cash, trade payables and accrued liabilities and loans payable approximate their carrying values due to their short-term maturity.

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.