

**CENTRAL AFRICAN GOLD INC. (formerly Bankers Cobalt Corp.)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Nine months ended September 30, 2020 and 2019**

**(Unaudited)**

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

**CENTRAL AFRICAN GOLD INC. (formerly Bankers Cobalt Corp.)**

**(the “Company”)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Nine months ended September 30, 2020 and 2019**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The management of Central African Gold Inc. (formerly Bankers Cobalt Corp.) 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.

November 27, 2020

Central African Gold Inc. (formerly Bankers Cobalt Corp.)  
Condensed Consolidated Interim Statements of Financial Position  
(Unaudited - expressed in United States dollars unless otherwise noted)

	Notes	September 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 112,816	\$ 3,991
Accounts receivable		16,993	-
Prepaid expenses and deposits		19,275	4,321
<b>TOTAL ASSETS</b>		<b>\$ 149,084</b>	<b>\$ 8,312</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	3	\$ 2,183,605	\$ 2,651,701
Loan from related party	4	-	114,000
<b>TOTAL LIABILITIES</b>		<b>2,183,605</b>	<b>2,765,701</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	5	16,813,249	15,702,173
Reserves	5	7,301,677	6,601,180
Accumulated other comprehensive loss		81,061	(33,216)
Deficit		(26,230,508)	(25,027,526)
<b>SHAREHOLDERS' DEFICIENCY</b>		<b>(2,034,521)</b>	<b>(2,757,389)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<b>\$ 149,084</b>	<b>\$ 8,312</b>

**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.

Central African Gold Inc. (formerly Bankers Cobalt Corp.)  
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
(Unaudited - expressed in United States dollars unless otherwise noted)

	Notes	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
<b>Expenses</b>					
Filing fees		\$ 1,967	\$ 10,252	\$ 21,784	\$ 27,164
Investor relations		1,113	-	3,313	2,857
Management and consulting fees	6	132,181	52,066	567,354	436,715
Office and sundry		3,091	472	5,100	6,113
Professional fees		46,476	17,405	91,371	67,684
Project generation		6,044	1,411	21,578	9,472
Share-based payments		519,343	13,440	519,343	144,313
Travel and accommodation		1,453	4,072	1,569	48,252
<b>Total expenses</b>		<b>(711,668)</b>	<b>(99,118)</b>	<b>(1,231,412)</b>	<b>(742,570)</b>
<b>Other income (expense)</b>					
Interest expense		-	(11,286)	(30,595)	(20,017)
Impairment of exploration and evaluation assets		-	(61,056)	-	(61,056)
Forgiveness of debt	3	36,112	272,832	36,112	272,832
Gain on settlement of debt	3	42,852	84,397	9,497	84,397
Foreign exchange gain		26,829	2,651	13,416	3,704
<b>Net loss</b>		<b>(605,875)</b>	<b>188,420</b>	<b>(1,202,982)</b>	<b>(462,710)</b>
<b>Other comprehensive income</b>					
Exchange difference on translation		52,240	3,107	114,277	7,455
<b>Total comprehensive income (loss)</b>		<b>\$ (553,635)</b>	<b>\$ 191,527</b>	<b>\$ (1,088,705)</b>	<b>\$ (455,255)</b>
<b>Basic and diluted earnings (loss) per share</b>		<b>\$ (0.02)</b>	<b>\$ 0.02</b>	<b>\$ (0.07)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding</b>		<b>31,933,842</b>	<b>11,389,105</b>	<b>18,442,940</b>	<b>11,124,020</b>

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

Central African Gold Inc. (formerly Bankers Cobalt Corp.)  
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)  
(Unaudited - expressed in United States dollars unless otherwise noted)

	Notes	Share Capital		Reserves	Accumulated other comprehensive income	Deficit	Total
		Number of shares	Amount				
<b>Balance at December 31, 2018</b>		10,989,281	\$ 15,577,423	\$ 6,456,867	\$ (8,061)	\$ (20,893,438)	\$ 1,132,791
Bonus shares		150,000	39,602	-	-	-	39,602
Shares issued for debt		448,185	85,148	-	-	-	85,148
Exchange difference on translation		-	-	-	7,455	-	7,455
Share-based payments		-	-	144,313	-	-	144,313
Net loss for the period		-	-	-	-	(462,710)	(462,710)
<b>Balance at September 30, 2019</b>		<b>11,587,466</b>	<b>\$ 15,702,173</b>	<b>\$ 6,601,180</b>	<b>\$ (606)</b>	<b>\$ (21,356,148)</b>	<b>\$ 946,599</b>
<b>Balance at December 31, 2019</b>		11,587,466	\$ 15,702,173	\$ 6,601,180	\$ (33,216)	\$ (25,027,526)	\$ (2,757,389)
Private placement	5	23,500,000	1,095,037	203,401	-	-	1,298,438
Share issuance costs	5	-	(49,200)	(22,247)	-	-	(71,447)
Shares for debt	5	933,333	65,239	-	-	-	65,239
Share-based payments	5	-	-	519,343	-	-	519,343
Exchange difference on translation		-	-	-	114,277	-	114,277
Net loss for the period		-	-	-	-	(1,202,982)	(1,202,982)
<b>Balance at September 30, 2020</b>		<b>36,020,799</b>	<b>\$ 16,813,249</b>	<b>\$ 7,301,677</b>	<b>\$ 81,061</b>	<b>\$ (26,230,508)</b>	<b>\$ (2,034,521)</b>

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

Central African Gold Inc. (formerly Bankers Cobalt Corp.)  
Condensed Consolidated Interim Statements of Cash Flows  
(Unaudited - expressed in United States dollars unless otherwise noted)

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
<b>Operating activities</b>		
Net loss	\$ (1,202,982)	\$ (462,710)
Items not affecting cash		
Share-based payments	519,343	144,313
Impairment of exploration and evaluation assets	-	61,056
Interest accrued on loan	-	16,529
Foreign exchange	96,850	(18,530)
Bonus shares	-	39,602
Gain on settlement of debt	(9,497)	(84,397)
Forgiveness of debt	(36,112)	(272,832)
Changes in non-cash working capital items:		
Accounts receivable	(17,255)	7,511
Prepaid expenses and deposits	(14,692)	(5,943)
Trade payables and accrued liabilities	348,336	520,693
<b>Net cash outflow from operating activities</b>	<b>(316,009)</b>	<b>(54,708)</b>
<b>Investing activities</b>		
Exploration and evaluation assets	-	(6,525)
<b>Net cash outflow from investing activities</b>	<b>-</b>	<b>(6,525)</b>
<b>Financing activities</b>		
Issuance of common shares, net of share issuance costs	498,985	-
Loans	(74,151)	22,672
<b>Net cash inflow from financing activities</b>	<b>424,834</b>	<b>22,672</b>
Increase (decrease) in cash and cash equivalents	108,825	(38,561)
Cash and cash equivalents, beginning of the period	3,991	39,522
<b>Cash, and cash equivalents, end of the period</b>	<b>\$ 112,816</b>	<b>\$ 961</b>

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, Central African Gold Inc. (formerly Bankers Cobalt Corp) (“the Company” or “Central African Gold”), was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia). The Company’s registered office is located at 2900 – 550 Burrard Street, Vancouver, BC V6C 0A3. The Company commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol NMD.V on February 17, 2010. On October 11, 2017, the Company changed its name to Bankers Cobalt Corp. and commenced trading on the TSX-V under the symbol BANC effective October 12, 2017. 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 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 Central African Gold.

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

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 September 30, 2020, the Company had not yet achieved profitable operations. During the nine months ended September 30, 2020, the Company incurred a net loss of \$1,202,982 (2019 - \$462,710) and had a cash outflow from operating activities of \$316,009 (2019 - \$54,708). As of September 30, 2020, the Company had a working capital (current assets minus current liabilities) deficiency of \$2,034,521 (December 31, 2019 – \$2,757,389) and a cumulative deficit of \$26,230,508 (December 31, 2019 - \$25,027,526).

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 condensed consolidated interim 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.

**2. Summary of Significant Accounting Policies and Basis of Preparation**

These condensed consolidated interim financial statements were authorized for issue by the directors of the Company on November 27, 2020.

***Basis of preparation***

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, 2019.

***Basis of consolidation***

The condensed consolidated interim financial statements of the Company include the accounts of its wholly owned subsidiaries, Bankers Cobalt Mining SASU located in the Democratic Republic of Congo ("DRC"), Bankers Cobalt Mining (Namibia) (Proprietary) Limited located in Namibia and 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.

**3. Trade Payables and Accrued Liabilities**

	September 30, 2020	December 31, 2019
Trade payables	\$ 976,769	\$ 1,247,953
Accrued and other liabilities	1,206,836	1,537,572
	\$ 2,183,605	\$ 2,651,701

Included in trade payables and accrued liabilities at September 30, 2020, is \$558,334 (December 31, 2019 - \$823,277) due to directors and officers of the Company. Amounts due to related parties are non-interest bearing, unsecured and due on demand.

During the period ended September 30, 2020, the Company recorded a gain on settlement of debt of \$9,497 and forgiveness of debt of \$36,112 in connection with the settlement of accrued and other liabilities.

**4. Loan from Related Party**

On August 7, 2018, the Company entered into a loan agreement with a director of the Company for the amount of \$100,000. The loan was unsecured and bore interest at 10%. The principal value plus accrued interest was payable on August 7, 2019. As additional consideration for the loan, the Company issued 37,100 common shares of the Company. The loan was initially recorded at face value of \$100,000 less the fair value of the shares of \$27,064 for a net amount of \$72,936. The fair value of the shares was accreted over the loan term and recorded as interest expense. During the period ended September 30, 2020, the

**4. Loan from Related Party (continued)**

Company recorded interest of \$4,988 on the loan and settled the loan through the issuance of 760,000 common shares with a fair value of \$41,940 plus cash of \$74,151.

**5. Share Capital and Reserves**

***Share consolidation***

Effective May 21, 2020, the Company consolidated its common shares on the basis of 1 new share for every 10 old shares (the "Consolidation"). All share 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.

***Authorized share capital***

An unlimited number of common shares without par value.

***Issued share capital***

At September 30, 2020, there were 36,020,799 (December 31, 2019 – 11,587,466) issued and fully paid common shares.

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

During the nine months ended September 30, 2020, 933,333 common shares were issued to settle CDN\$88,667 (\$70,000) of debt.

***Warrants***

Warrant transactions for the period ended September 30, 2020 are as follows:

	<b>Warrants</b>	<b>Exercise Price (CDN\$)</b>
Balance, December 31, 2019	1,396,000	4.35
Issued	12,031,160	0.10
Expired	(1,063,538)	2.87
Balance, September 30, 2020	12,363,622	0.17

**5. Share Capital and Reserves (continued)**

***Warrants (continued)***

Warrants outstanding at September 30, 2020 are as follows:

<b>Outstanding Warrants</b>	<b>Exercise Price (CDN\$)</b>	<b>Expiry Date</b>
66,362	7.00	January 25, 2021
266,100	1.50	December 12, 2021
12,031,160	0.10	July 17, 2022
<b>12,363,622</b>		

***Stock Options***

In connection with the reverse takeover transaction on October 20, 2017, 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.

During the period ended September 30, 2020, the Company granted 2,000,000 stock options with an exercise price of CDN\$0.40, exercisable for a period of 5 years.

Total stock-based compensation for the period ended September 30, 2020 was \$519,343 (2019 – \$144,313). The fair value of options granted was determined using the Black-Scholes option pricing model using the following assumptions: expected life of options: 5 years (2019 – 5 years); annualized volatility rate of 194.51% (2019 – 157.92% to 179.35%); risk-free interest rate of 0.34% (2019 – 1.19% to 1.38%); and a dividend rate of 0% (2019 – 0%).

Stock option transactions for the period ended September 30, 2020 are as follows:

	<b>Stock Options</b>	<b>Exercise Price (CDN\$)</b>
Balance, December 31, 2019	623,750	0.80
Granted	2,000,000	0.40
<b>Balance, September 30, 2020</b>	<b>2,623,750</b>	<b>0.48</b>

Stock options outstanding at September 30, 2020 are as follows:

<b>Outstanding Options</b>	<b>Vested Options</b>	<b>Exercise Price (CDN\$)</b>	<b>Expiry Date</b>
25,000	25,000	6.60	December 18, 2022
547,500	547,500	0.50	June 20, 2024
51,250	51,250	0.50	August 29, 2024
2,000,000	2,000,000	0.40	September 1, 2025
<b>2,623,750</b>	<b>2,623,750</b>	<b>0.48</b>	

**5. Share Capital and Reserves (continued)**

**Reserves**

Reserves consist of the cost of the finders' warrants. When the warrants are exercised, the value of the warrants will be transferred to share capital.

**6. Related Party Transactions**

Related party transactions for the nine months ended September 30, 2020 and 2019 are as follows:

Period ended	September 30, 2020	September 30, 2019
Management fees accrued for or paid to companies controlled by officers of the Company	\$ 110,253	\$ 90,124
Management fees accrued for or paid to companies controlled by officers of the Company's subsidiary	300,000	240,000
Bonus paid to a company controlled by an officer of the Company's subsidiary pursuant to agreement contractual agreements	-	39,602
Interest paid on loan from a director	4,988	7,479
Share-based payments	346,012	116,948
	\$ 761,253	\$ 494,153

See Note 4 for additional related party transactions.

Included in trade payables and accrued liabilities at September 30, 2020 is \$558,334 (December 31, 2019 - \$823,277) due to directors and officers of the Company. Amounts due to related parties are non-interest bearing, unsecured and due on demand.

In June 2020, the Company entered into debt settlement agreements with directors and officers of the company to settle debt of \$36,582 through the issuance of 487,764 common shares.

**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.

## 7. Financial Risk and Capital Management (continued)

### **Liquidity risk (continued)**

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

### **Foreign exchange risk**

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company does not hedge its exposure to fluctuations in exchange rates.

The Company has operations in Canada, the DRC and in Namibia, which gives rise to the risk that its financial instruments may be adversely impacted by exchange rate fluctuations. The Company has expenditures in both the Canadian and the US dollar.

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

A 10% change in the Canadian dollar to the U.S. dollar exchange rate would impact the Company's net loss by \$60,755.

### **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, trade payables and a loan from a related party. The fair value of cash approximates its carrying value due to its short-term maturity. The fair value of accounts receivable and trade payables 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.