



**AKWAABA**  
MINING LTD

**AKWAABA MINING LTD.  
(Formerly Castle Peak Mining Ltd.)  
CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)**

**For the year ended  
December 31, 2021**

**AKWAABA MINING LTD.**  
**(Formerly Castle Peak Mining Ltd.)**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2021**  
**(Expressed in Canadian Dollars)**

---

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	3-5
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	6
Consolidated Statements of Loss and Comprehensive Loss	7
Consolidated Statement of Changes in Equity	8
Consolidated Statements of Cash Flows	9
Notes to the Consolidated financial statements	10-24

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Akwaaba Mining Ltd. (formerly Castle Peak Mining Ltd.)

### *Opinion*

We have audited the accompanying consolidated financial statements of Akwaaba Mining Ltd. (formerly Castle Peak Mining Ltd.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has not generated revenue from operations and may require additional financing or outside participation to undertake further activities. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Caspary LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 21, 2022

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
AS AT

	December 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 318,645	\$ 101,577
Receivables	1,710	582
Prepaid expenses	10,814	10,920
	331,169	113,079
<b>Non-current assets</b>		
Equipment (Note 4)	2,464	159
Exploration and evaluation assets (Note 5)	3,828,357	3,224,272
	\$ 4,161,990	\$ 3,337,510
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 152,270	\$ 16,031
Loans due to related parties (Note 6)	445,306	-
	597,576	16,031
<b>Equity</b>		
Capital stock (Note 8)	18,045,935	17,603,516
Other equity reserve (Note 8)	4,001,075	4,001,075
Accumulated other comprehensive income	14,888	-
Deficit	(18,497,484)	(18,283,112)
	3,564,414	3,321,479
	\$ 4,161,990	\$ 3,337,510

**Nature of operations (Note 1)**  
**Basis of presentation and going concern (Note 2)**  
**Subsequent events (Note 14)**

**Approved on April 21, 2022 on behalf of the Board of Directors:**

"Allan Green"  
Allan Green, Acting Chairman of the Board of Directors

"Iyad Jarbou"  
Iyad Jarbou, Director

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

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
<b>EXPENSES</b>		
Depreciation (Note 4)	\$ 594	\$ 1,584
Investor relations	5,813	2,739
Office and administrative	20,277	17,941
Professional fees	47,455	24,187
Consulting fees	-	44,679
Directors fees (Note 7)	3,750	14,571
Salaries and benefits (Note 7)	72,387	73,500
Transfer agent, filing and regulatory	25,902	15,435
Interest expense (Note 6)	37,725	-
Foreign exchange loss (gain)	469	(6,590)
<b>Loss for the year</b>	<b>\$ (214,372)</b>	<b>\$ (188,046)</b>
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Translation adjustment	\$ 14,888	\$ -
<b>Comprehensive loss for the year</b>	<b>\$ (199,484)</b>	<b>\$ (188,046)</b>
<b>Basic loss and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>132,844,167</b>	<b>132,763,360</b>

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

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(Expressed in Canadian Dollars)

	Capital Stock		Other Equity Reserve	Deficit	Accumulated Other Comprehensive Income	Total Equity
	Number of Shares	Amount				
<b>Balance, December 31, 2019</b>	<b>132,763,360</b>	<b>\$ 17,603,516</b>	<b>\$ 4,001,075</b>	<b>\$ (18,095,066)</b>	<b>\$ -</b>	<b>\$ 3,509,525</b>
Loss for the year	-	-	-	(188,046)	-	(188,046)
<b>Balance, December 31, 2020</b>	<b>132,763,360</b>	<b>\$ 17,603,516</b>	<b>\$ 4,001,075</b>	<b>\$ (18,283,112)</b>	<b>\$ -</b>	<b>\$ 3,321,479</b>
Shares issued on settlement of debt	29,494,612	442,419	-	-	-	<b>442,419</b>
Loss for the year	-	-	-	(214,372)	-	<b>(214,372)</b>
Translation adjustment	-	-	-	-	14,888	<b>14,888</b>
<b>Balance, December 31, 2021</b>	<b>162,257,972</b>	<b>\$ 18,045,935</b>	<b>\$ 4,001,075</b>	<b>\$ (18,497,484)</b>	<b>\$ 14,888</b>	<b>\$ 3,564,414</b>

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

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (214,372)	\$ (188,046)
Items not involving cash:		
Depreciation	594	1,584
Foreign exchange loss (gain)	-	(6,590)
Interest accrued	37,725	-
Changes in non-cash items:		
Receivables	(1,128)	519
Prepaid expenses	106	2,436
Accounts payable and accrued liabilities	5,481	6,629
Net cash used in operating activities	<u>(171,594)</u>	<u>(183,468)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	(458,987)	(621,006)
Purchase of equipment	<u>(2,899)</u>	<u>(484)</u>
Net cash used in investing activities	<u>(461,886)</u>	<u>(621,490)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans from related parties received	<u>850,000</u>	<u>-</u>
Net cash provided by financing activities	<u>850,000</u>	<u>-</u>
Effect of exchange rate on cash	<u>548</u>	<u>6,590</u>
<b>Change in cash during the year</b>	217,068	(798,368)
<b>Cash, beginning of the year</b>	<u>101,577</u>	<u>899,945</u>
<b>Cash, end of the year</b>	<u>\$ 318,645</u>	<u>\$ 101,577</u>

Supplemental disclosures with respect to cash flows (Note 10)

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

**1. NATURE OF OPERATIONS**

Akwaaba Mining Ltd., formerly known as Castle Peak Mining Ltd, (the "Company" or "Akwaaba") is in the business of exploration and evaluation of mineral properties in Ghana, Africa. Akwaaba was incorporated under the laws of British Columbia on June 3, 2009. The Company is listed on the TSX Venture Exchange ("TSXV") under the symbol "AML".

The address of the Company's corporate office and principal place of business is 29 - 1255 Riverside Drive, Port Coquitlam, British Columbia, Canada. The address of the Company's legal records is 1800 - 401 West Georgia St, Vancouver, British Columbia, Canada.

The consolidated financial statements also include the accounts of Castle Sika Mining Ltd.; a wholly owned subsidiary of the Company and was incorporated in Ghana (the "Ghana Subsidiary") on August 19, 2021.

**2. BASIS OF PRESENTATION AND GOING CONCERN**

**Statement of compliance**

The accompanying consolidated financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

**Basis of measurement**

These consolidated financial statements are presented in Canadian dollars except where otherwise noted.

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Going concern of operations**

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, as well as financial markets globally, potentially leading to an economic downturn. Efforts to contain the virus has severely limited the mobility of people and businesses, which in turn impacted the Company's abilities to continue with any exploration program or raise the necessary funds. However, it is not possible for the Company at this time to predict the duration or magnitude of the impact towards the Company's business or results from its operations.

The Company's consolidated financial statements are prepared using IFRS applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated revenue from operations and may require additional financing or outside participation to undertake further activities.

These conditions may cast significant doubt as to the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**2. BASIS OF PRESENTATION AND GOING CONCERN (cont'd...)**

**Critical accounting estimates, judgements and assumptions**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgements and assumptions that affect the reported amounts and disclosures of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from those estimates and such differences could be significant.

Critical judgements

The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company as previously discussed in this note, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company has been determined to be the Canadian dollar, while the functional currency of the Ghana Subsidiary has been determined to be the United States dollar.

Key sources of estimation uncertainty

Significant estimates made by management affecting the consolidated financial statements include:

*Share-based payments*

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

*Deferred tax assets & liabilities*

The estimation of income taxes and liabilities includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets or liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets and liabilities, and deferred income tax provisions or recoveries could be affected.

*Recoverability of exploration & evaluation assets*

The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves, and upon future production or proceeds from the disposition thereof.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with IFRS and reflect the following significant accounting policies.

#### **Basis of consolidation**

These consolidated financial statements include the financial statements of the Company and the entity controlled by the Company: Castle Sika Mining Ltd. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated.

#### **Foreign currencies**

The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates. The Company's functional currency is the Canadian dollar, and the functional currency of the Ghana subsidiary is the United States dollar. Accordingly, the accounts of the Ghana subsidiary are translated into Canadian dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate, while non-monetary assets and liabilities are translated at historical rates for Akwaaba. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise for Akwaaba.

#### **Equipment**

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of equipment, less their estimated residual value, using the following rates:

- |                                  |                       |
|----------------------------------|-----------------------|
| • Computer hardware:             | 30% declining balance |
| • Office furniture and equipment | 20% declining balance |

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd...)

**Impairment of long-lived assets**

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss and the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

**Exploration and evaluation assets**

Once the legal right to explore a property has been acquired, exploration and evaluation costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Each of the Company's exploration and evaluation assets is considered to be a cash generating unit. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development, and is classified as "mines under construction". Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Management regularly reviews the carrying value of exploration and evaluation assets for events or circumstances that may indicate possible impairment.

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd...)

**Future reclamation costs**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement or reclamation of mineral interests (exploration and evaluation assets). The net present value of future rehabilitation cost estimates is capitalized to the related assets along with a corresponding increase in the reclamation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

As at December 31, 2021 and December 31, 2020, the Company had no significant future reclamation costs.

**Basic and diluted loss per share**

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares. Potential issuable common shares are not included in the calculation if their inclusion would be anti-dilutive. This method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the average market price during the year. For the years presented, basic loss per share is equal to diluted loss per share.

**Income taxes**

Income tax on profit or loss comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted as of the date of the Company's statement of financial position, and any adjustment to tax paid or payable in respect of previous years.

Deferred income tax assets and liabilities are determined based on the temporary differences between the carrying amounts and tax bases of the assets and liabilities. Deferred income tax assets and liabilities are measured using substantively enacted and enacted tax rates expected to apply in the years in which the differences are expected to reverse.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd...)

**Share-based payments**

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The Company recognizes share-based payments expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payments expense and other equity reserve. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The other equity reserve account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

**Financial instruments**

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit and loss ("FVPL"), or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVPL. This includes all derivative assets. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
December 31, 2021

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd...)

**Financial instruments** (cont'd...)

Loss allowances for 'expected credit losses' are recognized on financial assets measured at amortized cost, contract assets and investments in debt instruments measured at FVOCI, but not to equity investments. A loss event is not required to have occurred before a credit loss is recognized.

The Company has classified and measured its financial instruments as described below:

- Cash and receivables are classified as and measured at amortized cost.
- Accounts payable and accrued liabilities are classified as and measured at amortized cost.

**Capital stock**

The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the date of issuance of the units and any residual remaining is allocated to the common share purchase warrants.

**New standards and interpretations not yet adopted**

The Company has not adopted any new or revised standards, along with any consequential amendments for the year ended December 31, 2021.

**4. EQUIPMENT**

	Office Furniture & Equipment		Computer Hardware		Total
<b>Cost</b>					
Balance at January 1, 2020	\$	728	\$	2,069	\$ 2,797
Additions		-		484	484
Balance at December 31, 2020	\$	728	\$	2,553	\$ 3,281
Additions		-		2,899	2,899
Balance at December 31, 2021	\$	728	\$	5,452	\$ 6,180
<b>Depreciation</b>					
Balance at January 1, 2020	\$	138	\$	1,400	\$ 1,538
Depreciation for the year		431		1,153	1,584
Balance at December 31, 2020	\$	569	\$	2,553	\$ 3,122
Depreciation for the year		159		435	594
Balance at December 31, 2021	\$	728	\$	2,988	\$ 3,716
<b>Carrying amounts</b>					
At December 31, 2020	\$	159	\$	-	\$ 159
At December 31, 2021	\$	-	\$	2,464	\$ 2,464

**5. EXPLORATION AND EVALUATION ASSETS**

**Kunsu project**

On February 15, 2019, the Company entered into an agreement ("Agreement") to purchase the Kunsu Prospecting License located in the Ahafo Ano South District of the Ashanti Region of Ghana (the "Property") from Wononuo Investment Limited ("Wononuo"), who was the holder of 100% undivided interest and title of the license (the "Purchase Transaction").

On November 1, 2021, and pursuant to the Purchase Transaction, Wononuo transferred the Property to the Company in exchange for a total purchase price of US\$2,000,000 as follows:

- a) A non-refundable down payment of US \$200,000 (\$262,500 paid on July 10, 2018);
- b) A non-refundable second deposit of US \$200,000 upon signing of the Definitive Agreement (\$270,920 paid on February 15, 2019);
- c) A non-refundable third deposit of US \$100,000 (\$132,880 paid on May 29, 2019);
- d) A non-refundable fourth deposit of US \$100,000 payable on presentation and evaluation of the full exploration technical report (\$130,860 paid on October 23, 2019);
- e) A non-refundable fifth deposit of US \$400,000 payable on obtaining shareholder approval on the Annual General Meeting (\$527,320 paid on December 16, 2019);
- f) A non-refundable sixth deposit of US \$350,000 (\$444,640 paid on December 18, 2020);
- g) A non-refundable seventh deposit of US \$300,000 following successful review of the results of the resource evaluations that are to be satisfactory to the Purchaser (\$370,268 paid on April 26, 2021); and
- h) On October 27, 2021, the Company granted a 1.5% Net Smelter Royalty (NSR) to Wononuo in lieu of the eighth and final deposit of US \$350,000 at closing of the Purchase Transaction.

The Company has an option to buy out the NSR for US\$ 500,000 before November 1, 2023, US\$ 750,000 from November 1, 2023 to November 1, 2024 and for US\$ 1,000,000 then after.

In connection with purchase transaction, the Company accrued US\$ 107,325 (\$136,066) finder's fee in accordance with the agreement made with JDS & Associates Limited. The amount is included in Acquisition cost and accounts payable and accrued liabilities.

Exploration and evaluation assets expenditures related to the option agreement are as follows:

	<b>Kunsu Project</b>
<b>Balance at January 1, 2020</b>	<b>\$ 2,594,567</b>
<b>Additions for the year:</b>	
Acquisition cost	444,640
Prospecting license fees	64,296
Due diligence costs	59,163
Consulting fees	61,606
	<u>629,705</u>
<b>Balance at December 31, 2020</b>	<b>\$ 3,224,272</b>
<b>Additions for the year:</b>	
Acquisition cost	506,335
Prospecting license fees	50,045
Due diligence costs	30,512
Legal fees	3,414
Translation adjustment	13,779
	<u>604,085</u>
<b>Balance at December 31, 2021</b>	<b>\$ 3,828,357</b>

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
December 31, 2021

**5. EXPLORATION AND EVALUATION ASSETS** (cont'd...)

**Kunsu project** (cont'd...)

	<b>Kunsu Project</b>
<b>Cumulative balance at December 31, 2021:</b>	
Acquisition cost	\$ 2,275,455
Environmental, permitting and other	114,341
Due diligence costs	1,171,948
Consulting fees	228,764
Legal fees	24,070
Translation adjustment	13,779
<b>Balance at December 31, 2021</b>	<b>\$ 3,828,357</b>

**6. LOANS DUE TO RELATED PARTIES**

On April 27, 2021, the company received a \$425,000 loan from Allan Green; CEO and a director of the Company, and Candel & Partners SAS, a private company beneficially owned by Allan Green (together the "lender"). The Loan was unsecured and bears interest at the rate of 8% per annum and payable on the earlier of lender's demand or one year after the date of advance of principal. On December 30, 2021, the Company settled \$442,419 of the outstanding loan, including \$17,419 accrued interest, by issuing common shares of the Company to the lender.

On August 4, 2021, the company received a \$425,000 loan from Grizal Enterprises Ltd. ("Grizal"), a British Virgin Islands registered limited liability Company, and a majority shareholder of the Company. The Loan was unsecured and bears interest at the rate of 8% per annum and payable on the earlier of lender's demand or one year after the date of advance of principal. The Company approved settlement of the outstanding loan into common shares of the Company, subject to obtaining TSX Venture Exchange approval.

As of December 31, 2021, \$445,306 (December 31, 2020 - \$Nil) was owing to a director and officer and to a majority shareholder of the Company. The loans balance as of December 31, 2021 included accrued interest of \$20,306 (December 31, 2020 - \$Nil).

**7. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and executive officers.

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
December 31, 2021

---

**7. RELATED PARTY TRANSACTIONS** (cont'd...)

During the years ended December 31, 2021 and 2020, the Company entered into the following transactions with related parties and key management personnel:

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries and benefits paid to officers and senior management <sup>(1)</sup>	\$ 72,387	\$ 73,500
Directors fees	3,750	14,571

<sup>(1)</sup> Remuneration attributed to key management personnel is recorded in salaries and benefits, and directors fees.

As at December 31, 2021, \$3,750 (December 31, 2020 - \$Nil) was owing to directors of the Company and is included in accounts payable and accrued liabilities.

**8. CAPITAL STOCK AND OTHER EQUITY RESERVE**

**Capital stock**

The Company is authorized to issue an unlimited number of common shares.

As at December 31, 2021, the Company had 162,257,972 common shares outstanding (December 31, 2020 - 132,763,360).

During the year ended December 31, 2021, the Company had the following share transactions:

On December 30, 2021, the Company issued 29,494,612 shares at \$0.015 per share to settle \$442,419 of debt owed to Allan Green, a director of the Company, and Candell & Partners SAS, a private company beneficially owned by Allan Green (together, the "Lender"). The common shares issued to the Company's lender are subject to a hold period in British Columbia expiring on May 1, 2022.

During the year ended December 31, 2020, the Company had no share transactions.

**Share purchase warrants**

As at December 31, 2021 and 2020, the Company had no outstanding warrants.

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
December 31, 2021

**8. CAPITAL STOCK AND OTHER EQUITY RESERVE (cont'd...)**

**Stock options**

Option plan details

The Company has adopted a stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant share options to directors, officers, employees and consultants of up to 10% of the issued and outstanding common shares of the Company. Stock options granted under the Plan will have a term not to exceed ten years, have an option price not less than the market price on the grant date, and will not be assignable or transferable by the optionee.

The Company's Board of Directors, subject to the policies of the Exchange, may determine and impose terms upon which each option shall become vested, provided that, if the Company's common shares are listed on the TSX-V, options granted to consultants performing investor relations activities must vest in stages over 12 months with no more than 25% of the options vesting in any three-month period.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	<u>Weighted Average</u>	
	<u>Number of Options</u>	<u>Exercise Price</u>
Outstanding at January 1, 2020	1,565,000	\$0.29
Expired	(450,000)	\$0.10
Outstanding at December 31, 2020	1,115,000	\$0.36
Expired	(1,115,000)	\$0.36
Outstanding at December 31, 2021	-	-

As at December 31, 2021, the Company had no outstanding stock options.

The Company recognizes share-based payments expense for all stock options granted at fair value of the options granted. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free rates, dividend yields, forfeiture rates, volatility factors, and expected life of the options. During the years ended December 30, 2021 and December 30, 2020, the Company recognized share-based payments expense of \$Nil.

**Other equity reserve**

The following is a summary of other equity reserve:

	Gain from related party debt settlement	Options and agent's warrants	Warrants	Total
Balances at December 31, 2021, 2020 and 2019	\$ 243,349	\$ 1,287,092	\$ 2,470,634	\$ 4,001,075

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
December 31, 2021

**9. INCOME TAXES**

A reconciliation of income taxes at statutory rates is as follows:

	December 31, 2021	December 31, 2020
Loss for the year	\$ (214,372)	\$ (188,046)
Expected income tax (recovery)	\$ (58,000)	\$ (51,000)
Permanent differences	(1,000)	(1,000)
Adjustment to prior year's provision versus statutory tax return	1,000	1,000
Change in unrecognized deductible temporary differences	51,000	51,000
Total income tax recovery	\$ -	\$ -

The significant deductible temporary differences, unused tax losses and expiry dates are as follows:

	December 31, 2021		December 31, 2020	
Capital assets and other	\$ 2,000	No expiry	\$ 2,000	No expiry
Non-capital losses available for future periods	17,515,000	2029 - 2041	17,313,000	2029 - 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

**10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

	Year ended December 31, 2021	Year ended December 31, 2020
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

The following were significant non-cash transactions affecting cash flows from investing and financing activities during the year ended:

- \$139,455 (December 31, 2020 - \$8,699) of exploration and evaluation assets were included in accounts payable and accrued liabilities at December 31, 2021.

**AKWAABA MINING LTD.** (Formerly Castle Peak Mining Ltd.)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
December 31, 2021

**11. SEGMENTED INFORMATION**

The Company has one reportable operating segment, being the acquisition, exploration and evaluation of exploration and evaluation assets in Ghana.

Geographical information is as follows:

		December 31, 2021		December 31, 2020
Exploration and evaluation assets				
Ghana	\$	3,828,357	\$	3,224,272
Equipment				
Canada	\$	2,464	\$	159

**12. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition, exploration and evaluation of its exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers components of equity in the management of capital.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

**13. FINANCIAL INSTRUMENTS AND RISK FACTORS**

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities.

The fair value of the Company's cash, receivables and accounts payable and accrued liabilities approximate carrying value due to their short terms to maturity. The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value. The fair value hierarchy is as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**13. FINANCIAL INSTRUMENTS AND RISK FACTORS (cont'd...)**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**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 credit risk is primarily attributable to cash and receivables. Other than cash held by its subsidiary for its immediate operating needs in Ghana, the Company's cash is held with a major Canadian chartered bank and management believes the risk of loss to be remote. Receivables consist of input tax credits receivable from the Government of Canada. The Company does not believe it is subject to significant credit risk in relation to its receivables.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. As at December 31, 2021, the Company had cash of \$318,645 to settle current liabilities of \$597,576.

**Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

**a) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash balances which earn interest at variable market interest rates, however, this exposure is considered to be minimal. The Company has no interest-bearing debt, and therefore, is not exposed to risk in the event of interest rate fluctuations.

**b) Currency risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company's expenditures are predominantly in Canadian dollars, US dollars, and Ghanaian cedis. The Company has financial assets and liabilities denominated in US dollars and Ghanaian cedis as at December 31, 2021. Based on the Company's net exposure as at December 31, 2021, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Ghanaian cedis would result in an impact on profit or loss of \$1,855.

**c) Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**14. SUBSEQUENT EVENTS**

On April 01, 2022, the Company issued 28,929,498 shares at \$0.015 per share to settle \$433,942 of debt owed to Grizal. The common shares issued to the Company's lender are subject to a hold period in British Columbia expiring on August 2, 2022.