

**AJN Resources Inc.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the nine month period ended April 30, 2018

## **AJN Resources Inc.**

### **Management Discussions and Analysis**

For the nine month period ended April 30, 2018

This management discussion and analysis of financial position and results of operations (“MD&A”), prepared as of June 27, 2018 provides an analysis of the operations and financial results of AJN Resources Inc. (“the Company”) for the nine month period ended April 30, 2018, and should be read in conjunction with the unaudited consolidated financial statements for the nine month period ended April 30, 2018.

AJN Resources Inc. (“AJN”) is an exploration and development company formed for the purposes of acquiring, exploring and, if warranted and feasible, developing Lithium resource properties. We acquire and develop properties of demonstrated potential.

During the year ended July 31, 2017, the Company entered into an option agreement dated April 25, 2017 (the “Option Agreement”), and as last amended on July 3, 2017, to acquire a 100% interest in certain claims comprising the Salt Wells Lithium Project located in Nevada, USA, subject to a 4.5% net smelter returns royalty.

The financial information in this MD&A is derived from the Company’s unaudited consolidated financial statements which have been prepared in Canadian dollars, in accordance with International Financial Reporting Standard (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company’s management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company’s plans to grow sales and offer new products and services;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the timing, pricing, completion, regulatory approval of proposed financings if applicable;

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company’s ability to predict or control, including, but not limited to, risks related to the Company’s ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under “Risk Factors”.

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions, which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technology companies specifically;
- the Company’s ability to continue to roll out its business plan which includes new product launches and associated planning in production, sales, distribution and marketing;

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- the Company's ability to secure and retain employees and contractors to carry out its business plans;

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the Company has moved from a private corporation operating with very limited capital and therefore with very restricted operations, to a publicly traded venture issuer. Accordingly, drawing trends from the Company's limited operating history is difficult.

**OVERALL PERFORMANCE**

The Company has no operational revenue, and exploration activity is subject to the availability of funds raised through financings. Global financial and commodity markets have been volatile, and the Company is thus impacted by these generic industry factors which are beyond its control. The Company anticipates obtaining additional financing in the future primarily through further equity financing.

During the period ending April 30, 2018, the Company raised an aggregate sum of \$676,300 through equity financing. This was done through the issuance of 3,406,500 common shares and 656,500 special warrants which can be converted into common shares with a conversion rate of 1 special warrant equaling 1 common share.

**SELECTED QUARTERLY FINANCIAL INFORMATION**

The Company has only prepared financial statements for the 4 most recently completed quarters and does not have information available for the four quarters prior to those. The following is a summary of the Company's financial results for the four most recently completed quarters:

	Three months ended April 30, 2018	Three months ended January 31, 2018	Three months ended October 31, 2017	Three months ended July 31, 2017
Revenue	-	-	-	-
Net Income (Loss)	\$(19,953)	\$(15,168)	\$(17,118)	\$(26,856)
Net and Comprehensive Income (Loss)	\$(19,953)	\$(15,168)	\$(17,118)	\$(26,856)
Basic and Diluted Loss per common share	\$(0.001)	\$(0.001)	\$(0.002)	\$(0.002)
Number of shares outstanding	14,406,500	13,906,500	11,000,000	11,000,000
Total Assets	\$597,621	\$567,575	\$263,584	\$264,140
Total long term liabilities	-	-	-	-

**RESULTS OF OPERATIONS**

The Company's comprehensive loss for the nine months ended April 30, 2018 was \$52,223 (2017 - \$50), or \$0.004 per Common Share. The table below outlines the expenses incurred during the period:

**Expenses**

Consulting Fees	\$	16,500
Office and Miscellaneous		442
Filing Fees		4,999
Travel Expenses		6,657
Professional Fees		23,625
		<u>23,625</u>

<b>Net Loss and Comprehensive Loss</b>	<b>\$</b>	<b>(52,223)</b>
		<u>(52,223)</u>

The Company capitalizes all mineral property acquisition and exploration costs until the properties to which the costs are related are placed into production, sold or abandoned. The decision to abandon a property is largely determined by exploration results and the amount and timing of the Company's write-offs of capitalized mineral property costs will vary in a fiscal period from one year to the next and typically cannot be predicted in advance.

During the nine months ended April 30, 2018, mineral property acquisition and exploration costs totaled \$17,189. The table below outlines the costs added to the exploration and evaluation asset during the period:

	As at July 31, 2017	Net Change	As at April 30, 2018
	\$	\$	\$
<b>Acquisition Costs</b>	<u>26,666</u>	<u>-</u>	<u>26,666</u>
<b>Exploration Costs</b>			
Field Expenses	4,384	-	4,384
Geological Consulting	86,291	-	86,291
Geophysical	12,659	1,016	13,675
Filing Fees	-	16,173	16,173
	<u>103,334</u>	<u>17,189</u>	<u>120,523</u>
<b>Total</b>	<u>\$ 130,000</u>	<u>\$ 17,189</u>	<u>\$ 147,189</u>

**LIQUIDITY**

Since incorporation, the Company's capital resources have been limited. The Company has had to rely upon the sale of equity securities for the cash required for property acquisition payments, office and miscellaneous expenses and accounting, audit and legal fees, among other expenses.

During the period from incorporation to July 31, 2017, the Company raised \$270,000 through the issuance of 11,000,000 common shares. As at July 31, 2017, the Company's working capital totaled \$115,602.

During the nine month period ending April 30, 2018 the Company raised \$406,300 through the issuance of 3,406,500 common shares and 656,500 special warrants.

The Company expects that its working capital of \$449,982 as at the most recent month end being April 30, 2018, will be sufficient for the Company to become operational to begin meeting its objectives and milestones. Once the Company is operational, it will require additional working capital in order to increase its growth rate and may seek to raise additional funds via one or more private placements.

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### **CAPITAL RESOURCES**

As at April 30, 2018, the Company's share capital was \$676,300 (2017: \$30,000) representing 14,406,500 issued and outstanding common shares without par value (2017: 3,000,000) and 656,500 special warrants (2017: nil).

During the nine month period ended April 30, 2018 Company performed the following transactions, which affected share capital:

- Issued 3,406,500 common shares (valued at \$340,650)
- Issued 656,500 special warrants (values at \$65,650)

In accordance with the recommendations of the Company's independent geologist, the Company has allocated \$112,101 from the proceeds of the Offering for the Phase I initial exploration program. If the results of this Phase I exploration program are successful, the Company plans to raise the estimated \$295,110 in funds required to finance Phase II by way of equity financing during the current year. There is no guarantee that the Company will be able to raise the funds needed.

### **RISK FACTORS**

The Company's financial instruments consist of cash and trade payables. The carrying values of these financial instruments approximate their respective fair values due to the short-term nature of these instruments.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at April 30, 2018, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

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

**Credit risk:** Credit risk is the unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. With cash on deposit with sound financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

**Liquidity risk:** Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at April 30, 2018, the Company had current liabilities totaling \$450 and cash of \$441,222 and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

**Market risk:** Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

### **OUTSTANDING SHARE DATA**

The Company's authorized capital is unlimited common shares without par value. As at June 27, 2018, the following common shares, options and share purchase warrants were outstanding:

<b>As at April 30, 2018</b>	<b>Number issued and outstanding</b>
Common Shares	14,406,500
Special Warrants	656,500
Fully Diluted	15,063,000

### **TRANSACTIONS WITH RELATED PARTIES**

During the period ended July 31, 2017, the Company issued a total of 3,000,000 common shares at \$0.01 per share to Jag Sandhu as to 750,000 shares, Klaus Eckhof as to 750,000 shares, Nigel Ferguson as to 750,000 shares and Mark Gasson as to 750,000 shares, all of whom are founders and directors of the Company. During the period ended July 31, 2017 the Company issued a total of 3,800,000 common shares at \$0.03 per share to JNS Capital Corp., a company controlled by Jag Sandhu, CEO, President and a director of the Company as to 800,000 shares, Ridgeback Holdings Pty Ltd. ITF The Ferguson Family Trust, a company controlled by Nigel Ferguson, a director of the Company as to 1,500,000 shares and to Mark Gasson, a director of the Company as to 1,500,000 shares.

During the period ended July 31, 2017, the Company paid a total of \$25,000 in geological consulting fees to JNS Capital Corp., a company controlled by Jag Sandhu, CEO, President and a director of the Company, for geological consulting work with respect to the Company's Property. During the same period, the Company paid \$5,500 for geological consulting to Suneal Sandhu, a close family member of Jag Sandhu.

#### ***Officers and Directors***

- Jag Sandhu, President, CEO and Director
- Klaus Eckhof, Director
- Nigel Ferguson, Director
- Mark Gasson, Director

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements as at April 30, 2018 and to the date of this MD&A.

### **CHANGES IN ACCOUNTING POLICIES**

As the Company began its operations on September 1, 2016 and the financial statements for the year ended July 31, 2017 are its first financial statements, all accounting policies were initially adopted during the financial year ended July 31, 2017.

### **APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A on June 27, 2018.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com).

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**HEAD OFFICE and OPERATIONS****AJN Resources Inc.**

200 – 17618 58<sup>th</sup> Avenue  
Surrey, British Columbia, Canada  
V3S 1L3

**LISTINGS**

CSE: AJN

**CAPITALIZATION**

(as at June 27, 2018)  
Shares Issued: 15,063,000

**TRANSFER AGENT**

Computershare  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, British Columbia  
V6C 3B9

**AUDITOR**

Dale Matheson Carr-Hilton LaBonte LLP  
1500 – 1140 West Pender Street  
Vancouver, British Columbia  
V6E 4G1