AJN RESOURCES INC.
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

April 30, 2020

Index to Consolidated financial statements
April 30, 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim consolidated financial statements; they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim consolidated financial statements by an entity's auditor.

AJN Resources Inc.
Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)

	As at April 30, 2020	As at July 31, 2019
Assets		
Current		
Cash	$ 3,050,090	$ 1,232,382
Receivables	25,013	13,481
Prepaids (Note 6)	18,614	-
	3,093,717	1,245,863
Non-Current		
Exploration and Evaluation Asset (Note 5)	307,955	264,848
Reclamation Bond (Note 5)	19,142	19,142
Total Assets	$ 3,420,814	$ 1,529,853
Liabilities and Shareholder Equity		
Liabilities		
Current		
Trade Payables (Note 6)	$ 155,996	$ 43,054
Interest Payable (Note 8)	1,308	-
	157,304	43,054
Non-Current		
Convertible Debenture (Note 8)	1,170,597	-
Total Liabilities	1,327,901	43,054
Shareholder Equity		
Share Capital (Note 7)	3,826,957	1,823,150
Subscription Receivable (Note 7 and 12)	-	(50,000)
Reserve (Note 7)	815,238	139,004
Deficit	(2,549,281)	(425,355)
	2,092,914	1,486,799
Total Liabilities and Shareholder Equity	$ 3,420,814	$ 1,615,961

Going concern (Note 2)

The accompanying notes are an integral part of the financial statements

AJN Resources Inc.
Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Nine Months Ended April 30, 2020	Three Months Ended April 30, 2020	Nine Months Ended April 30, 2019	Three Months Ended April 30, 2019
Operating Expenses				
Consulting Fees (Note 6)	$ 319,100	$ 202,000	$ 51,470	$ 20,000
Office and Miscellaneous	10,924	6,775	554	121
Marketing Expense	260,610	40,815	-	-
Filing Fees	22,387	9,387	9,252	1,950
Travel Expenses	62,005	34,511	1,753	1,197
Stock-Based Compensation (Note 6 and 7)	606,963	557,094	-	-
Professional Fees	877,503	403,524	21,264	2,900
Total Operating Expenses	2,159,492	1,254,106	84,293	26,168
Other Income (Expenses)				
Gain on Foreign Exchange	32,301	32,301	-	-
Interest Income (Note 8)	3,264	1,648	-	-
Total Other Income (Expenses)	35,565	33,949	-	-
Net Loss and Comprehensive Loss	$ (2,123,926)	$ (1,220,157)	$ (84,293)	$ (26,168)
Loss per Share - Basic and Diluted	$ (0.104)	$ (0.056)	$ (0.006)	$ (0.002)
Weighted Average Number of Shares Outstanding - Basic and Diluted	20,438,556	21,599,667	15,313,000	15,313,000

The accompanying notes are an integral part of the financial statements

AJN Resources Inc.
Consolidated Interim Statements of Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital						
	Shares	Amount	Reserve	Subscription Receivable	Subscriptions Received in Advance	Deficit	Total
Balance July 31, 2018	15,313,000	$ 701,300	$ 139,004	$ -	$ -	$ (259,067)	$ 581,237
Net Loss for the Period	-	-	-	-	-	(84,293)	(84,293)
Balance April 30, 2019	15,313,000	701,300	139,004	-	-	(343,360)	496,944
Shares Issued for Cash (Note 7)	4,545,000	1,136,250	-	(50,000)	-	-	1,086,250
Share Issuance Costs (Note 7)	-	(14,400)	-	-	-	-	(14,400)
Net Loss for the Period	-	-	-	-	-	(81,995)	(81,995)
Balance July 31, 2019	19,858,000	1,823,150	139,004	(50,000)	-	(425,355)	1,486,799
Shares Issued for Cash (Note 7)	5,000,000	1,965,050	-	50,000	-	-	2,015,050
Exercise of Stock Options (Notes 7)	225,000	38,757	(16,247)	-	-	-	22,510
Stock-Based Compensation (Note 6 and 7)	-	-	606,963	-	-	-	606,963
Equity Allocation of Convertible Debenture (Note 8)	-	-	85,518	-	-	-	85,518
Net Loss for the Period	-	-	-	-	-	(2,123,926)	(2,123,926)
Balance April 30, 2020	25,083,000	$ 3,826,957	$ 815,238	$ -	$ -	$ (2,549,281)	$ 2,092,914

The accompanying notes are an integral part of the financial statements

AJN Resources Inc.
Consolidated Interim Statement of Cash Flows
(Expressed in Canadian Dollars)

	Nine Months Ended April 30, 2020	Nine Months Ended April 30, 2019
Operating Activities		
Net Loss	$ (2,123,926)	$ (84,293)
Adjustment for Non-Cash Items		
Stock-Based Compensation	606,963	-
Changes in Non-Cash Working Capital		
Receivables	(11,532)	(3,783)
Prepaids	(18,614)	-
Trade Payables	112,942	28,659
Interest Payable	1,308	-
Net Cash Flows Used in Operating Activities	(1,432,859)	(59,417)
Investing Activity		
Exploration and Evaluation Asset	(43,107)	(82,922)
Net Cash Flows Used in Investing Activity	(43,107)	(82,922)
Financing Activities		
Issuance of Common Shares	1,987,560	-
Subscription Receivable	50,000	-
Issuance of Convertible Debenture	1,256,115	-
Issuance of Special Warrants	-	-
Net Cash Flows Provided by Financing Activities	3,293,675	-
Increase in Cash (Decrease)	1,817,709	(142,339)
Cash - Beginning	1,232,382	399,176
Cash - Ending	$ 3,050,090	$ 256,838
Supplemental Disclosures		
Interest Paid	$ -	$ -
Interest Earned	$ 4,573	$ -

The accompanying notes are an integral part of the financial statements

1. CORPORATE INFORMATION

AJN Resources Inc. (the "Company") is in the business of the exploration and evaluation of mineral properties in Nevada, USA. The Company was incorporated under the Business Corporations Act of British Columbia on September 1, 2016. On June 12, 2018 the Company listed its shares on the Canadian Securities Exchange and trades under the symbol AJN. The address of the Company's registered and records office and principal place of business is Suite 200, 17618 58 Avenue, Surrey, British Columbia, V3S 1L3 Canada.

On February 7, 2020 AJN Resources Inc. incorporated AJN Resources Congo SASU based in the Democratic Republic of the Congo. AJN Resources Congo SASU is a 100% owned subsidiary of AJN Resources Inc.

These consolidated financial statements were authorized for issue on May 29, 2020 by the Board of Directors of the Company.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance and compliance 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").

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial assets or liabilities at fair value through profit or loss and available-for-sale financial assets which are presented at their fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

c) Functional and Presentation Currency

Each entity within the Company has its results measured using the primary economic environment in which the entity operates. Judgment is necessary in assessing each entity's functional currency. The Company considers the primary and secondary indicators as part of its decision-making process. The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of AJN Resources Inc. The functional currency of AJN Resources Congo SASU is the US dollars.

d) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a comprehensive loss of $2,123,926 during the period ended April 30, 2020. The Company intends to raise further funds through private placements.

These consolidated 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

2. BASIS OF PRESENTATION (CONTINUED)

d) Going Concern of Operations (continued)

the foreseeable future. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful thus far in doing so, there is no assurance it will be able to do so in the future. These material uncertainties raise significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principle of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entity, as follows

		Percentage Owned	
	Jurisdiction of Incorporation	April 30, 2020	July 31, 2019
AJN Resources Congo SASU	Kinshasa, Democratic Republic of the Congo	100%	-

The financial statement prior to April 30, 2020 include only the accounts of AJN Resources Inc. Inter-company transactions and balances are eliminated upon consolidation.

b) Foreign Currency Translation

Foreign currency transactions are translated into their 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. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

c) Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

c) Exploration and Evaluation Expenditures (continued)

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

d) Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

Changes are recorded directly to mining assets with a corresponding entry to the restoration 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 period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

e) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken at least annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

e) Impairment of Non-Financial Assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent the impairment loss reverses gains previously recognized in other comprehensive loss/income.

f) Financial Instruments

<u>Financial Assets</u>

The Company has adopted new accounting standard IFRS 9 – Financial Instruments, effective August 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and financial liabilities. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. IFRS 9 allows for an exemption from restating prior periods in respect of the standard’s classification and measurement requirements. The Company has chosen to apply this exemption upon initial adoption, although it was determined that the adoption of IFRS 9 had no impact on the comparative period’s consolidated financial statements.

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVTOCI”) and amortized cost. The basis for classification depends on the entity’s business model and the contractual cash flow characteristics of the instrument. For financial liabilities, the new standard retains most of the requirements of IAS 39, except that fair value changes due to changes in an entity’s own credit risk are recorded in other comprehensive income rather than in net earnings.

Upon adoption of IFRS 9, the Company has changed its accounting policy for financial instruments as follows:

<u>Classification</u>

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, FVTPL, or FVTOCI. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. A financial liability is classified as measured at amortized cost or FVTPL.

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

- it is held within a business model whose objective is to hold assets to collect 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments (continued)

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

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

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company completed an assessment of its financial assets and liabilities as at August 1, 2018. The adoption of IFRS 9 has no quantitative impact on the Company's financial instruments as at August 1, 2018.

However, it has an impact on the classification of the Company's financial instruments compared to the old standard IAS 39 as follows:

Asset or Liability	Original classification IAS 39	New classification IFRS 9
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Trade payables	Other liabilities	Amortized cost

<u>Measurement</u>

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments (continued)

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in Other Comprehensive Income ("OCI") and are never reclassified to profit or loss.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVTOCI, the Company applies the expected credit loss impairment model. On adoption of the expected credit loss model there was no material adjustment.

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about 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:

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

f) Financial Instruments (continued)

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).

g) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

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.

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

i) Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Loss per Share

common shares that would have been outstanding, if potentially dilutive instruments were converted.

i) Significant Estimates and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the consolidated financial statements also requires management to exercise judgement in the process of applying the accounting policies.

On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

j) Significant Judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

4. ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the IASB and become applicable at a future date. The standards impacted the Company are as follows:

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases, including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases, as is required by IAS 17 Leases, and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has evaluated that application of this standard will not have a material impact on the results and financial position of the Company.

(Expressed in Canadian dollars)

4. ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

5. EXPLORATION AND EVALUATION ASSET

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. Pursuant to the Option Agreement, the Company was obligated to pay USD$255 per claim for initial filing fees ((paid $26,666) (USD$19,125)) and will pay a further USD$167 per claim annually, thereafter ((paid $16,338) (USD$12,247) during the year ended July 31, 2019 ((paid $16,173) (USD$12,529) during the year ended July 31, 2018). The Company is also obligated to complete an exploration development program with a first year work requirement of UDS$60,000 and a second year work requirement of USD$80,000. To April 30, 2020, the Company's exploration development expenditures have met the work requirements.

The Salt Wells Lithium Property is subject to a 4.5% Net Smelter Return as payable to the Vendor, 1.5% of which the Company shall have the right to buy back from the vendor within 90 days of the property going into production for USD$500,000, and an additional 1.5% of which the Company shall have the right to buy back from the Vendor within 180 days of the property going into production for USD$1,250,000.

Furthermore, a cash payment of US$250,000 is payable to the vendor upon the property attaining commercial production.

During the year ended July 31, 2018, the Company acquired additional claims for $16,338 (USD$12,247) which are contiguous with, and therefore, have been incorporated into the Salt Wells Lithium Property.

	As at July 31, 2019	Net Change	As at April 30, 2020
Acquisition Costs	$ 59,177		$ 59,177
Exploration Costs			
Field Expenses	99,536	24,561	124,097
Geological Consulting	86,291	8,025	94,316
Geophysical	19,844	10,522	30,366
	205,671	43,108	248,779
Total	$ 264,848	$ 43,107	$ 307,955

During the period ended April 30, 2020, the Company incurred $43,107 in exploration expenditures.

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS

During the period ended April 30, 2020, the Company paid $165,000 (2019 – $47,250) for consulting services and $10,000 (2019 - $nil) for professional services to directors and officers of the Company. As at April 30, 2020 recorded in trades payable is $11,000 (2019 - $5,250) due to a director and officer of the Company. As at April 30, 2020 $18,614 (2019 - $nil) was recorded as a prepaid relating to an advance for expenses to a director and officer of the Company.

During the period ended April 30, 2020 the Company issued stock options at a fair value of $283,249 (2019 - $nil) in Stock-Based Compensation expenses to directors and officers of the Company.

7. SHARE CAPITAL

Authorized

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

Issued

During the year ended July 31, 2018 the Company issued 3,656,500 common shares at $0.10 for gross proceeds $365,650 of which $2,500 was received in advance during the period ended July 31, 2017. In December 2017 the Company issued 656,500 special warrants at $0.10 for total proceeds of $65,650. Each special warrant was exercisable into one fully paid common share without any further consideration upon the earliest of (a) the business day following the receipt of a final prospectus by the securities regulation authorities in the province of British Columbia, or (b) December 15, 2027. Upon listing on the Canadian Securities Exchange on June 12, 2018 all 656,500 special warrants were converted to common shares of the Company at a rate of 1 common share per Special Warrant.

During the year ended July 31, 2019, the Company issued 4,545,000 shares at $0.25 for gross proceeds of $1,136,250, of which $50,000 has been recorded in subscription receivable and was received subsequent to January 31, 2020. The Company recorded $14,400 for share issuance costs related to the private placement.

During the period ended April 30, 2020 the Company raised $2,000,000 through the issuance of 5,000,000 common shares at $0.40. In conjunction with the issuance, the Company paid $34,950 in finder's fees for net proceeds of $1,965,050.

Special Warrants

A summary of special warrant activity during the period ended April 30, 2020 is as follows:

	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding July 31, 2018 and 2019	-	$ -	-
Issued	656,500	0.10	10 years
Exercised	(656,500)	-	-
Outstanding July 31, 2019 and April 30, 2020	-	$ -	-

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

Reserve

The reserve records items recognized as stock-based compensation expense until such time that the stock option are exercised, at which time the corresponding amount will be transferred to share capital. The Company issued a convertible debenture during the period (Note 8) which allows the holder to convert the debt to common shares of the Company. The equity portion of the debenture was recorded as a reserve until such time that the debentures are converted, at which time the corresponding amount will be transferred to share capital.

Escrow

Under the escrow agreement dated January 19, 2018, 10% of the escrowed common shares are to be released from escrow on the date of listing on the Canadian Securities exchange. Subsequent to listing, and additional 15% will be released every six months over a thirty six month period. As at April 30, 2020, a total of 4,680,000 shares were held in escrow.

Stock Options

During the year ended July 31, 2018, the Company granted 1,525,000 stock options, exercisable at a price of $0.10 for a period of 5 years. For the period ended April 30, 2020 the company granted 400,000 options exercisable at a price of $0.25 and 725,000 options exercisable at a price of $0.80 for a period of 5 years. The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of the options granted. The Company utilized the following assumptions: average volatility - 165%, average risk-free rate – 1.37% and a five year term. Accordingly, the estimated grant date fair value of the options was $606,963. The following table displays outstanding stock options for the period ended April 30, 2020:

	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding July 31, 2019	1,525,000	$ 0.10	3.25 years
Issued	1,125,000	0.66	4.75 years
Exercised	(225,000)	0.10	-
Outstanding April 30, 2020	2,425,000	$ 0.37	4.25 Years

8. CONVERTIBLE DEBENTURE

On April 17, 2020, the Company complete a non-brokered financing of $1,256,115 by way of issuance of convertible debentures. These debentures carry an interest rate of 2.5% per annum, payable yearly, with a maturity date of April 17, 2023.

The convertible debentures will be convertible at the holder's option into fully paid and non-assessable common shares in the capital of AJN at a base conversion price of 40 cents per share, being a rate of 250,000 shares for each $100,000 principal amount of convertible debentures (subject to adjustment as stipulated herein). The election to convert the convertible debentures to shares may be made during the period from the date of issue to maturity of the convertible debentures:

1. By the holder at any time;
2. By the issuer, at any time after:

8. CONVERTIBLE DEBENTURE (CONTINUED)

a. The closing price on the Canadian Securities Exchange of the issuer's common shares has been equal to or greater than $2 per common share for a period of 15 consecutive trading days;
b. Two years have elapsed from the date of issue of the convertible debentures.

For accounting purposes, the debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability components at the time of issues was calculates as the discounted cash flows for the debenture assuming a 5% market interest rate, which was the estimated rate for a similar loan without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the debentures and the fair value of the liability component.

Interest expense for the period ended April 30, 2020 was $1,308.45 and was recorded as a payable at period end.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, trade payables and convertible debentures. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

As at April 30, 2020, 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 reputable 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, 2020, the Company had current liabilities totaling $157,304 and cash of $3,050,090 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.

(Expressed in Canadian dollars)

10. CAPITAL MANAGEMENT

The Company includes shareholders' equity and any debt it may issue, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

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 and exploration of mineral properties. 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 and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the period ended April 30, 2020. The Company is not subject to any external covenants.

11. SEGMENTED INFORMATION

Operating Segments

The Company operated in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

	April 30, 2020	July 31, 2019
Total Assets		
Canada	$ 2,398,249	$ 1,245,863
United States	327,097	283,990
Democratic Republic of the Congo	695,468	-
	$ 3,420,814	**$ 1,529,853**

All of the Company's exploration and evaluation assets are currently located in the United States.