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**AJN RESOURCES INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
FOR THE YEAR ENDED JULY 31, 2021

(in Canadian Dollars, except where noted)

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## **AJN RESOURCES INC.**

Management's Discussion & Analysis

For the year ended July 31, 2021

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### **1. EFFECTIVE DATE AND FORWARD-LOOKING STATEMENTS**

#### **a) Reporting Period and Effective Date**

This management discussion and analysis of financial position and results of operations ("MD&A"), prepared as of November 26, 2021 provides an analysis of the operations and financial results of AJN Resources Inc. ("the Company") for the year ended July 31, 2021. This MD&A should be read in conjunction with the financial statements of the Company and related notes thereto as at and for the years ended July 31, 2021 and 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts presented in this MD&A are Canadian dollars unless otherwise stated.

#### **b) Forward-looking Statements**

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;
- 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.

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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.

### **2. DESCRIPTION OF THE BUSINESS**

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 ("CSE") and trades under the symbol AJN. The address of the Company's registered and records office and principal place of business is Suite 1400 – 1199 West Hasting St., Vancouver, British Columbia, V6E 3T5 Canada.

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.

On Jan. 18, 2020, AJN Resources Inc. signed a memorandum of understanding with Societe Miniere de Kilo-Moto SA (SOKIMO), whereby SOKIMO proposes to obtain from AJN the conversion of its rights to a direct participation in various gold licenses held by SOKIMO into shares of AJN. The gold licenses are located within the Kilo-Moto gold province in the northeast of the Democratic Republic of the Congo (DRC).

On March 23, 2020, the Company incorporated AJN Resources Congo SASU ("AJN Congo") based in the Democratic Republic of the Congo ("DRC"). AJN Congo is a 100% owned subsidiary of the Company. On January 18, 2020, the Company signed a Memorandum of Understand (MoU) with Société Minière de Kilo-Moto SA ("SOKIMO") whereby SOKIMO proposes to obtain from the Company the conversion of its rights to a direct participation in various gold licenses held by SOKIMO into shares in the Company. The gold licenses are located within the Kilo-Moto gold province in the north-east of the DRC. To the date of this MD&A, completion of the terms of the MoU remain subject to due diligence and approvals and the Company has not commenced operations in the DRC.

### **3. OUTLOOK AND GOING CONCERN**

#### **a) Outlook**

The Company's primary business is the acquisition and exploration of mineral properties. The Company's exploration and evaluation assets do not presently host any known mineral deposits nor, given the high degree of risk involved, can there be any assurance that its exploration activities will result in such deposits being located or, ultimately, a profitable mining operation in the future.

In 2020, the global outbreak of coronavirus (COVID-19) resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a potential material impact to the Company's project exploration activities, cash flows and liquidity. Various restrictions on gatherings, work and access to remote communities near the Company's project may also impact the Company's ability to perform exploration activities at the project.

#### **b) Going Concern**

The Company incurred a loss of \$1,007,034 during the year ended July 31, 2021 (2020 - \$2,789,279), has working capital as at July 31, 2021 of \$1,512,983 (July 31, 2020 - \$2,430,992), and has an accumulated deficit as at July 31, 2021 of \$4,221,668 (July 31, 2020 - \$3,214,634). Further, the Company has no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct required

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exploration and development of its mineral property projects. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These consolidated financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

#### 4. OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS SELECTED INFORMATION

The selected financial information set out below is based on and derived from consolidated financial statements which have been prepared in accordance with IFRS.

<b>Statements of Loss</b>	<b>Year ended July 31, 2021</b>	<b>Year Ended July 31, 2020</b>	<b>Year Ended July 31, 2019</b>
	\$	\$	\$
Total revenue	Nil	Nil	Nil
Total operating expenses	<b>889,439</b>	2,589,330	166,288
Net loss	<b>(1,007,034)</b>	(2,789,279)	(166,288)
Net loss per Share – basic and diluted	<b>(0.04)</b>	(0.13)	(0.01)

<b>Statements of Financial Position Data</b>	<b>As at July 31, 2021</b>	<b>As at July 31, 2020</b>	<b>As at July 31, 2019</b>
	\$	\$	\$
Cash and cash equivalents	<b>1,569,307</b>	2,384,496	1,232,382
Total assets	<b>1,786,315</b>	2,736,545	1,529,853
Long-term liabilities	<b>1,069,958</b>	974,990	-
Total liabilities	<b>1,143,597</b>	1,081,396	43,054

<b>Shareholders' Equity</b>	<b>As at July 31, 2021</b>	<b>As at July 31, 2020</b>	<b>As at July 31, 2019</b>
	\$	\$	\$
Share capital	<b>3,895,831</b>	3,826,947	1,823,150
Shareholders' equity	<b>642,718</b>	1,655,149	1,486,799

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#### a) Selected Quarterly Financial Information

The following is a summary of the Company's financial results for the eight most recently completed quarters ended July 31, 2021:

Period Ending	Net Loss	Net Comprehensive Loss	Basic and Diluted Loss per Share
	\$	\$	\$
July 31, 2021	(266,291)	(268,161)	(0.01)
April 30, 2021	(216,287)	(234,366)	(0.01)
January 31, 2021	(207,199)	(228,138)	(0.01)
October 31, 2020	(317,257)	(321,766)	(0.01)
July 31, 2020	(958,014)	(952,637)	(0.04)
April 30, 2020	(1,220,157)	(1,220,157)	(0.06)
January 31, 2020	(561,773)	(561,773)	(0.03)
October 30, 2019	(49,335)	(49,335)	(0.00)

#### b) Results of Operations

##### Three Months Ended July 31, 2021

For the three months ended July 31, 2021, the Company had no revenue and a net loss of \$266,291, compared to a loss of \$958,014 for the three months ended July 31, 2020. Net loss primarily relates to professional fees of \$103,661 (2020 - \$121,704), consulting fees of \$88,950 (2020 - \$245,210), accretion expense of \$24,965 (2020 - \$26,615), and directors fees of \$12,000 (2020 - \$12,000).

##### Year Ended July 31, 2021

For the year ended July 31, 2021, the Company had no revenue and a net loss of \$1,007,034, compared to a loss of \$2,789,279 for the year ended July 31, 2020. Net loss primarily relates to consulting fees of \$423,137 (2020 - \$564,310), professional fees of \$283,230 (2020 - \$999,207), accretion expense of \$94,968 (2020 - \$26,615), and office and miscellaneous \$89,468 (2020 - \$57,010). There were no stock-based compensation or marketing expenses in the year ended July 31, 2021 (2020 - \$606,962 and \$261,110, respectively).

Total liabilities at July 31, 2021 were \$1,143,597 (July 31, 2020 - \$1,081,396) representing a net increase of \$62,201. This net increase is mostly due to an increase of \$94,968 in accretion of the convertible debenture, partially offset by a decrease in accounts payable and accrued liabilities of \$33,616.

Shareholders' equity at July 31, 2021 consists of share capital of \$3,895,831 (July 31, 2020 - \$3,826,947), share-based reserves of \$1,008,575 (July 31, 2020 - \$1,037,459), accumulated other comprehensive loss of \$40,020 (July 31, 2020 - accumulated other comprehensive income of \$5,377) and a deficit of \$4,221,668 (July 31, 2020 - \$3,214,634) for net shareholders' equity of \$642,718 (July 31, 2020 - \$1,655,149).

Working capital (defined as current assets less current liabilities) was \$1,512,983 at July 31, 2021 (July 31, 2020 - \$2,430,992).

The number of common shares outstanding at July 31, 2021 was 25,483,000 and 25,083,000 at July 31, 2020.

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#### **c) Summary of Mineral Property Interests**

The Company entered into an option agreement dated April 25, 2017 (the "Option Agreement"), and as last amended on October 3, 2017, to acquire a 100% interest in certain claims comprising the Salt Wells Lithium Project (the "Salt Wells Property") 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. The Company paid \$10,755 (USD \$8,337) and \$11,210 (USD \$8,337) during the year ended July 31, 2021 and the year ended July 31, 2020, respectively. The Company was also obligated to complete an exploration development program with a first-year work requirement of USD\$60,000 and a second-year work requirement of USD\$80,000. As of July 31, 2021, the Company's exploration expenditures have met the work requirements and the Company has made the required annual filing fee payments.

The Salt Wells 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 USD\$250,000 is payable to the vendor upon the property attaining commercial production.

During the year ended July 31, 2021, the Company incurred \$10,755 (year ended July 31, 2020 - \$37,571) in exploration expenditures.

As at July 31, 2021 and July 31, 2020, the Company has a deposit of \$19,142 (USD\$14,978) towards a reclamation bond held with the Bureau of Land Management of Nevada.

On January 18, 2020, the Company signed a Memorandum of Understand (MoU) with Société Minière de Kilo-Moto SA ("SOKIMO") whereby SOKIMO proposes to obtain from the Company the conversion of its rights to a direct participation in various gold licenses held by SOKIMO into shares in the Company. The gold licenses are located within the Kilo-Moto gold province in the north-east of the DRC.

During the year ended July 31, 2021 and during the subsequent event period, senior management has conducted numerous visits to Kinshasa, DRC, where meetings were conducted with senior government officials since the incorporation of a new parliament under President Felix Tshisekedi. The Company has had many positive and constructive meetings at various State levels to progress the transaction and has received considerable support for the transaction at all levels.

## **5. LIQUIDITY AND CAPITAL RESOURCES**

### **a) 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 year ended July 31, 2021, 400,000 common shares were issued for gross proceeds of \$40,000 for the exercise of stock options. Accordingly, the Company reallocated \$28,884 from reserves to share capital.

During the year ended July 31, 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. Also, 225,000 common shares were issued for gross proceeds of \$22,500 for the exercise of stock options. Accordingly the company reallocated \$16,247 from the reserve to share capital.

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The Company expects that its cash position of \$1,569,307 as at July 31, 2021 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 to increase its growth rate and may seek to raise additional funds via one or more private placements.

#### b) Capital Resources

As at July 31, 2021, the Company's share capital was \$3,895,831 (July 31, 2020 - \$3,826,947) representing 25,483,000 issued and outstanding common shares without par value (July 31, 2020 - 25,083,000).

Under the escrow agreement dated January 19, 2018, 10% of the escrowed common shares were to be released from escrow on the date of listing on the CSE. Subsequent to listing (June 12, 2018), an additional 15% were to be released every six months over a thirty-six month period. As at July 31, 2021 all shares have been released from escrow (July 31, 2020 – 2,340,000 in escrow).

During the year ended July 31, 2021 400,000 common shares were issued for gross proceeds of \$40,000 for the exercise of stock options.

#### 6. TRANSACTIONS WITH RELATED PARTIES

During the year July 31, 2021, the Company paid the following amounts to directors and officers of the Company:

	2021	2020
	\$	\$
Consulting fees	323,450	306,000
Directors fees	48,000	12,000
Professional fees	12,450	10,000
	383,900	328,000

During the year ended July 31, 2021, the Company did not issue stock options. During the year ended July 31, 2020, the Company issued stock options with a fair value of \$274,666 to directors and officers of the Company and included in share-based compensation.

Amounts due to or from related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties. The amounts due to related parties as at July 31, 2021 and July 31, 2020 were \$31,360 and \$22,000, respectively, and are included in accounts payable.

#### 7. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements at July 31, 2021 and to the date of this MD&A.

#### 8. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

##### Estimated useful life of property and equipment

The estimated useful life of property and equipment, which is included in the consolidated statements of financial position, will impact the amount and timing of the related amortization included in profit or loss.

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### Share-based compensation (stock options)

The fair value of stock options issued are subject to the limitations of the Black-Scholes Option Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

### Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

### Environmental rehabilitation obligation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

#### **a) Critical accounting judgements**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- 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.

## **9. SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies are described in Note 3 of the audited financial statements for the years ended July 31, 2021, and 2020, as found on SEDAR at [www.sedar.com](http://www.sedar.com). There have been no changes to the Company's significant accounting policies during the year ended July 31, 2021.

## **10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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.

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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:

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).

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

As at July 31, 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*

The Company's primary exposure to credit risk is its cash and cash equivalents of \$1,569,307 at July 31, 2021 (July 31, 2020 - \$2,384,496). 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 July 31, 2021, the Company has current liabilities totaling \$73,639 and cash and cash equivalents of \$1,569,307 (July 31, 2020 - \$106,406 and \$2,384,496, respectively) 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.

## 11. OUTSTANDING SHARE DATA

The Company's authorized capital is unlimited common shares without par value. As of the date of this MD&A the following common shares, options and share purchase warrants were outstanding:

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<b>As at July 31, 2021</b>	<b>Number issued and outstanding</b>
Common Shares	25,483,000
Stock Options	2,025,000
Fully Diluted	27,508,000

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## 12. APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A on November 26, 2021.

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### **13. ADDITIONAL INFORMATION**

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

#### *Head Office and Operations*

##### **AJN Resources Inc.**

1400 – 1199 West Hastings St.  
Vancouver, British Columbia, Canada  
V6E 3T5

##### **LISTINGS**

CSE: AJN

Frankfurt: 5AT

##### **CAPITALIZATION**

(as at November 26, 2021)

Shares Issued: 25,483,000

##### **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