AJN RESOURCES INC.

Condensed Interim Consolidated Financial Statements

For the three months ended October 31, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three months ended October 31, 2022 and 2021

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of AJN Resources Inc. for the interim periods ended October 31, 2022 and 2021, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Dale Matheson Carr-Hilton Labonte LLP, have not performed a review of these interim financial statements.

December 23, 2022

AJN RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	**October 31, 2022**	July 31, 2022
		$	$
Assets			
Current			
Cash and cash equivalents		**815,498**	1,241,905
Restricted cash		**137,120**	128,240
Goods and services tax recoverable		**15,679**	7,614
Prepaid expenses	4	**184,382**	86,893
		1,152,679	1,464,652
Reclamation bond	5	**19,142**	19,142
Exploration and evaluation assets	5	**162,994**	162,994
Property and equipment	6	**21,254**	21,801
Total assets		**1,356,069**	1,668,589
Liabilities			
Current			
Accounts payable and accrued liabilities	9	**77,088**	138,015
Accrued interest payable	7	**48,352**	40,437
Convertible debenture	7	**1,203,099**	1,175,027
Total liabilities		**1,328,539**	1,353,479
Shareholders' equity			
Share capital	8	**4,780,310**	4,780,310
Reserves	8	**1,265,596**	1,265,596
Accumulated other comprehensive loss		**(10,936)**	(27,888)
Deficit		**(6,007,440)**	(5,702,908)
Total shareholders' equity		**27,530**	315,110
Total liabilities and shareholders' equity		**1,356,069**	1,668,589

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors:

"Klaus Eckhof"	*"Mark Gasson"*
Klaus Eckhof, Director	Mark Gasson, Director

AJN RESOURCES INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended October 31,	
		2022	2021
		$	$
Operating expenses			
Consulting fees	9	**118,198**	84,600
Depreciation	6	**1,977**	1,857
Directors' fees	9	**6,000**	12,000
Exploration expenses	5	**18,782**	-
Filing fees		**2,250**	2,325
Office and miscellaneous		**52,009**	19,248
Professional fees		**60,074**	26,753
Travel expenses		**9,409**	20,127
		268,699	166,910
Other expenses (income)			
Accretion expense	7	**28,072**	25,562
Interest income		**-**	(1,566)
Interest expense	7	**7,915**	7,915
Foreign exchange gain		**(154)**	-
Net loss		**(304,532)**	(198,821)
Other comprehensive income (loss)			
Currency translation adjustment on foreign operations		**16,952**	(2,233)
Net loss and comprehensive loss		**(287,580)**	(201,054)
Loss per share			
Basic and diluted		**(0.01)**	(0.01)
Weighted average number of shares			
Basic and diluted		**28,795,500**	25,483,000

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

AJN RESOURCES INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
	#	$	$	$	$	$
Balance, July 31, 2021	25,483,000	3,895,831	1,008,575	(40,020)	(4,221,668)	642,718
Comprehensive loss for the period	-	-	-	(2,233)	-	(2,233)
Net loss for the period	-	-	-	-	(198,821)	(198,821)
Balance, October 31, 2021	25,483,000	3,895,831	1,008,575	(42,253)	(4,420,489)	441,664
Units issued	2,712,500	779,463	302,037	-		1,081,500
Exercise of stock options	600,000	105,016	(45,016)	-		60,000
Comprehensive income for the period	-	-	-	14,365		14,365
Net loss for the period	-	-	-	-	(1,282,419)	(1,282,419)
Balance, July 31, 2022	28,795,500	4,780,310	1,265,596	(27,888)	(5,702,908)	315,110
Comprehensive loss for the period	-	-	-	16,952	-	16,952
Net loss for the period	-	-	-	-	(304,532)	(304,532)
Balance, October 31 2022	**28,795,500**	**4,780,310**	**1,265,596**	**(10,936)**	**(6,007,440)**	**27,530**

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

AJN RESOURCES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended October 31,	
	2022	2021
	$	$
Operating activities		
Net loss	**(304,532)**	(198,821)
Items not affecting cash:		
Depreciation	**1,977**	1,857
Accretion expense	**28,072**	25,562
Interest expense	**7,915**	7,915
Changes in non-cash working capital:		
Goods and services tax recoverable	**(8,065)**	(1,241)
Prepaid expenses	**(97,489)**	-
Accounts payable and accrued liabilities	**(61,954)**	27,014
Net cash used in operating activities	**(434,076)**	(137,714)
Effect of exchange rate changes on cash	**7,669**	(2,053)
Change in cash and cash equivalents	**(426,407)**	(139,767)
Cash and cash equivalents, beginning of period	**1,241,905**	1,569,307
Cash and cash equivalents, end of period	**815,498**	1,429,540

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

1. NATURE OF OPERATIONS AND GOING CONCERN

AJN Resources Inc. (the "Company") is in the business of the exploration and evaluation of mineral properties. 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 Hastings St., Vancouver, British Columbia, V6E 3T5, Canada.

On March 23, 2020, the Company incorporated AJN Resources Congo SASU ("AJN Congo") based in the Democratic Republic of the Congo ("DRC" or the "State").

On February 8, 2022, the Company, through its subsidiary AJN Congo, entered into a memorandum of understanding (the "MoU") with the DRC to acquire a number of exploration permits in the highly prospective Kilo Moto Gold Belt in North-East DRC, which hosts Barrick's Kibali Gold Mine. In connection with the MoU the State has established a wholly-owned subsidiary, Congo Resources SAU ("Congo Resources") to acquire a 100% interest in certain claims in the area. AJN Congo will have the option to acquire Congo Resources in exchange for common shares of AJN Congo representing 60% of the fully-diluted issued and outstanding common shares of AJN Congo.

The Company's primary business is the acquisition and exploration of mineral properties. The Company's exploration and evaluation assets (Note 5) 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 the definition of such deposits being located or, ultimately, a profitable mining operation in the future.

These unaudited condensed interim consolidated financial statements (the "Financial Statements") have been prepared on a going concern basis, which assumes the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a net loss of $304,532 during the three months ended October 31, 2022 (2021 - $198,821), has working capital deficiency as at October 31, 2022 of $175,860 (July 31, 2022 - working capital of $111,173), and had an accumulated deficit as at October 31, 2022 of $6,007,440 (July 31, 2022 - $5,702,908). 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 exploration and development of its mineral property projects. These factors indicate that a material uncertainty exists that casts 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 financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern and such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. IFRS includes International Accounting Standards and interpretations issued by the IFRS Interpretations Committee. As such, these Financial Statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the years ended July 31, 2022 and 2021 (the "Annual Financial Statements").

These Financial Statements were approved and authorized for issuance by the Company's Board of Directors on December 23, 2022.

b) Basis of measurement

These Financial Statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION (continued)

c) Principles of consolidation

These Financial Statements include the accounts of the Company and its wholly owned subsidiary, AJN Congo, which is located in Kinshasa, DRC. Inter-company transactions and balances are eliminated upon consolidation.

d) 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 primary and secondary indicators as part of its decision-making process. These Financial Statements are presented in Canadian dollars, which is also the functional currency of the Company, references to "USD" are to United States dollars. The functional currency of AJN Congo is the USD.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these Financial Statements are consistent with those applied and disclosed in Note 3 to the Annual Financial Statements.

The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

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:

<u>Estimated useful life of equipment</u>

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

<u>Share-based compensation (stock options)</u>

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.

Critical accounting judgements

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

<u>Going concern</u>

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.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

4. PREPAID EXPENSES

The Company's prepaid expenses are comprised of the following:

	October 31, 2022	July 31, 2022
	$	$
Consulting fees	**60,504**	-
Professional fees	**123,878**	86,893
	184,382	86,893

5. EXPLORATION AND EVALUATION ASSETS

In 2017, the Company entered into an option agreement (the "Option Agreement") 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 initial filing fees of $26,666 (USD$19,125) and a further USD$7,755 annually until the Company terminates the Option Agreement. 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 at October 31, 2022, the Company's exploration expenditures have met the work requirements and the Company has made all required annual filing fee payments.

The Salt Wells Property is subject to a 4.5% net smelter return, 1.5% of which the Company has the right to buy back within 90 days of the property going into production for USD$500,000, and an additional 1.5% of which the Company has the right to buy back within 180 days of the property going into production for USD$1,250,000. Furthermore, a cash payment of USD$250,000 is payable upon the property attaining commercial production.

As at October 31, 2022, the exploration and evaluation assets are comprised of acquisition costs of $92,248 (July 31, 2022 - $92,248) and exploration costs of $243,242 (July 31, 2022 - $243,242), net of accumulated impairment of $172,496 (July 31, 2022 - $172,496).

As at October 31, 2022, the Company has a deposit of $19,142 (July 31, 2022 - $19,142) towards a reclamation bond held with the Bureau of Land Management of Nevada.

During the three months ended October 31, 2022, the Company incurred $18,782 (2022 - $nil) of exploration expenses related to exploration within the DRC on prospective properties the Company did not own or control at the time of the expenditures.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

6. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Computer equipment	Furniture and fixtures	Total
	$	$	$
Cost			
Balance, July 31, 2021	14,836	22,541	37,377
Impact of foreign exchange	431	664	1,095
Balance, July 31, 2022	15,267	23,205	38,472
Impact of foreign exchange	1,057	1,607	2,664
Balance, October 31, 2022	**16,324**	**24,812**	**41,136**
Accumulated depreciation			
Balance, July 31, 2021	3,459	5,255	8,714
Depreciation	3,064	4,656	7,720
Impact of foreign exchange	93	144	237
Balance, July 31, 2022	6,616	10,056	16,671
Depreciation	785	1,192	1,977
Impact of foreign exchange	489	744	1,233
Balance, October 31, 2022	**7,890**	**11,992**	**19,881**
Carrying amount			
Balance, July 31, 2022	8,651	13,150	21,801
Balance, October 31, 2022	**8,434**	**12,820**	**21,254**

7. CONVERTIBLE DEBENTURE

On April 17, 2020, the Company issued a convertible debenture for total proceeds of $1,256,115 maturing on April 17, 2023. The convertible debenture bears interest of 2.5% per annum, payable annually. The convertible debenture is convertible at the holder's or issuer's option into fully paid and non-assessable common shares of the Company at a base conversion price of $0.40 per share.

The election to convert the convertible debenture to shares may be made during the period from the date of issuance to maturity as follows:

- By the holder at any time, and;
- By the issuer, at any time after:

  a. The closing price on the CSE of the issuer's common shares has been equal to or greater than $2.00 per common share for a period of 15 consecutive trading days, and;
  b. April 17, 2022.

Upon initial recognition, the Company discounted the face value of the convertible debenture at a market rate of 12.5%, which was the estimated rate for a similar debt instrument without a conversion feature. The equity component was estimated to be $307,740 using the residual method, representing the difference between the discounted value and the proceeds of the convertible debenture.

Interest expense for the three months ended October 31, 2022 was $7,915 (2021 - $7,915), and was recorded as accrued interest payable. Non-cash accretion expense for the three months ended October 31, 2022 was $28,072 (2021 - $25,562). As at October 31, 2022, the convertible debenture liability balance was $1,203,099 (July 31, 2022 - $1,175,027) and accrued interest payable was $48,352 (July 31, 2022 - $40,437).

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

8. SHARE CAPITAL AND RESERVES (continued)

b) Share transactions

During the three months ended October 31, 2022, the Company had no share capital transactions.

During the year ended July 31, 2022, the Company had the following share capital transactions:

- In February 2022, the Company issued 600,000 common shares pursuant to the exercise of 600,000 stock options at an exercise price of $0.10 for gross proceeds of $60,000. Accordingly, the Company reallocated $45,016 from reserves to share capital representing the fair value of the stock options.

- In May 2022, 2,712,500 units were issued at a price of $0.40 per unit for gross proceeds of $1,085,000. Each unit consists of one common share of the Company and one warrant exercisable into one common share of the Company at a price of $0.50 per share for the period of one year. The Company allocated $302,037 to reserves relating to the relative fair value of the warrants. The Company incurred share issuance costs of $3,500 in connection with the financing.

c) Stock options

A summary of the Company's stock options is as follows:

	Number of options outstanding	Weighted average exercise price
	#	$
Balance, July 31, 2021	2,025,000	0.38
Exercised	(600,000)	0.10
Balance, October 31 and July 31, 2022	**1,425,000**	**0.50**

A summary of the Company's stock options outstanding and exercisable at October 31, 2022 is presented below:

Expiry date	Exercise price	Options outstanding	Options exercisable	Weighted average years remaining
	$	#	#	years
June 12, 2023	0.10	300,000	300,000	0.61
February 24, 2024	0.80	725,000	725,000	1.32
August 21, 2024	0.25	400,000	400,000	1.81
Balance, October 31, 2022		**1,425,000**	**1,425,000**	**1.31**

d) Warrants

During the three months ended October 31, 2022, the Company did not issue any warrants.

A summary of the Company's warrants is as follows:

	Number of warrants outstanding	Weighted average exercise price
	#	$
Balance, July 31, 2021	-	-
Issued	2,712,500	0.50
Balance, October 31 and July 31, 2022	**2,712,500**	**0.50**

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

8. SHARE CAPITAL AND RESERVES (continued)

A summary of the Company's warrants outstanding and exercisable at October 31, 2022 is presented below:

Expiry date	Exercise price	Warrants outstanding and exercisable	Weighted average years remaining
	$	#	years
May 26, 2023	0.50	2,400,000	0.57
June 23, 2023	0.50	312,500	0.64
Balance, October 31, 2022		**2,712,500**	**0.58**

9. RELATED PARTY TRANSACTIONS

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company. There were no loans to key management personnel or directors, or entities over which they have control or significant influence during the three months ended October 31, 2022 and 2021.

During the three months ended October 31, 2022 and 2021, the Company paid the following amounts to directors and officers of the Company:

	2022	2021
	$	$
Consulting fees	**111,294**	84,600
Directors' fees	**6,000**	12,000
	117,294	96,600

Amounts due to related parties are unsecured and non-interest bearing. The amounts due to related parties as at October 31, 2022 were $45,065 (July 31, 2022 - $82,243) and included in accounts payable and accrued liabilities.

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.

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, restricted cash, accounts payables, accrued interest payable and convertible debenture. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

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

Credit risk

The Company is primarily exposed to credit risk on its cash and cash equivalents of $815,498 at October 31, 2022 (July 31, 2022 - $1,241,905) and restricted cash of $137,120 (July 31, 2022 - $128,240). With cash and cash equivalent deposited with reputable financial institutions and restricted cash held in trust with counsel, it is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As the Company's operations do not generate cash, financial liabilities are discharged using funding from the issuance of common stock or debt as required. As at October 31, 2022, the Company had total liabilities of $1,328,539 (July 31, 2022 - $1,353,479), all of which are due within 12 months.

Market risk

Market risk is the risk that changes in market prices such as, foreign exchange rates and interest rates will affect the Company. 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.

The Company is not exposed to significant price or foreign exchange risks and is not exposed to interest rate risk as its convertible debt is payable at a fixed interest rate.

11. CAPITAL MANAGEMENT

The Company includes share capital and any debt it may issue, in the definition of capital. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations. The Company obtains funding primarily through issuing share capital and debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company is not subject to externally imposed capital requirements.

The Company manages its capital structure and debt or share capital is raised to continue to fund operations as needed, 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 three months ended October 31, 2022. The Company is not subject to any external covenants.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of exploration and evaluation assets. The Company's exploration and evaluation assets are located in the United States and DRC. A summary of the Company's assets by geographic region is as follows:

	October 31, 2022	July 31, 2022
	$	$
Canada	**733,288**	1,110,177
United States	**366,517**	269,030
DRC	**256,264**	289,382
	1,356,069	1,668,589