

AJN RESOURCES INC.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended April 30, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Nine Months Ended April 30, 2023 and 2022

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, 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 April 30, 2023 and 2022, 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 Car-Hilton Labonte LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

June 28, 2023

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

	Note	April 30, 2023	July 31, 2022
		\$	\$
ASSETS			
Current			
Cash		283,397	1,241,905
Restricted cash	4	135,780	128,240
Receivable		13,839	7,614
Prepaid expenses and deposit	5	73,511	86,893
		506,527	1,464,652
Reclamation bond	6(a)	19,142	19,142
Exploration and evaluation assets	6(a)	162,994	162,994
Equipment	7	16,973	21,801
Total assets		705,636	1,668,589
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	109,910	138,015
Accrued interest payable	8	62,806	40,437
Convertible debenture	8	1,256,115	1,175,027
Total liabilities		1,428,831	1,353,479
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	9(b)	4,780,310	4,780,310
Reserves		1,265,596	1,265,596
Accumulated other comprehensive loss		(15,428)	(27,888)
Deficit		(6,753,673)	(5,702,908)
Total shareholders' equity (deficiency)		(723,195)	315,110
Total liabilities and shareholders' equity (deficiency)		705,636	1,668,589

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

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

/s/ "Klaus Eckhof"
Director

/s/ "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		Nine months ended	
	Note	2023	April 30, 2022	2023	April 30, 2022
		\$	\$	\$	\$
Operating expenses					
Depreciation	7	2,032	1,940	6,032	5,756
Directors' fees (recovery)	10	(46,000)	12,000	(34,000)	36,000
Exploration expenses	6(b)	58,388	102,347	169,678	102,347
Filing fees		2,885	3,255	10,965	7,905
Management fees	10	126,446	111,440	368,799	280,490
Marketing		29,667	-	79,240	-
Office and miscellaneous		10,380	50,916	82,209	73,131
Professional fees		56,927	174,398	216,536	250,588
Travel		4,652	57,198	47,624	79,297
		245,377	513,494	947,083	835,514
Other income (expenses)					
Accretion	8	(24,273)	(25,918)	(81,088)	(77,652)
Interest expense on convertible debenture	8	(6,539)	(7,656)	(22,369)	(23,487)
Interest income		-	380	3	2,188
Foreign exchange loss		(90)	(13)	(228)	(13)
Net loss for the period		(276,279)	(546,701)	(1,050,765)	(934,478)
Other comprehensive income					
Currency translation differences		2,530	856	12,460	8,364
Net loss and comprehensive loss for the period		(273,749)	(545,845)	(1,038,305)	(926,114)
Net loss per share					
Basic and diluted		(0.01)	(0.02)	(0.04)	(0.04)
Weighted average number of common shares					
Basic and diluted		28,795,500	25,941,427	28,795,500	25,632,451

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)

	Nine months ended	
	2023	April 30, 2022
	\$	\$
Operating activities		
Net loss for the period	(1,050,765)	(934,478)
Items not affecting cash:		
Depreciation	6,032	5,756
Accretion	81,088	77,652
Interest expense on convertible debenture	22,369	23,487
Changes in non-cash working capital:		
Restricted cash	-	(127,920)
Receivable	(6,225)	2,881
Prepaid expenses and deposit	13,442	(139,092)
Accounts payable and accrued liabilities	(28,333)	37,497
Cash used in operating activities	(962,392)	(1,054,217)
Financing activities		
Proceeds from exercise of options	-	60,000
Cash provided by financing activities	-	60,000
Effect of exchange rate on changes in cash	3,884	7,606
Change in cash	(958,508)	(986,611)
Cash, beginning of period	1,241,905	1,569,307
Cash, end of period	283,397	582,696
Supplemental cash flow information:		
Cash income taxes paid	-	-
Cash interest paid	-	-

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 (Deficiency)**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Accumulated other comprehensive loss	Deficit	Total shareholders' equity (deficiency)
	#	\$	\$	\$	\$	\$
Balance, July 31, 2021	25,483,000	3,895,831	1,008,575	(40,020)	(4,221,668)	642,718
Exercise of stock options	600,000	105,016	(45,016)	-	-	60,000
Currency translation differences	-	-	-	8,364	-	8,364
Net loss for the period	-	-	-	-	(934,478)	(934,478)
Balance, April 30, 2022	26,083,000	4,000,847	963,559	(31,656)	(5,156,146)	(223,396)
Net proceeds from unit financings	2,712,500	779,463	302,037	-	-	1,081,500
Currency translation differences	-	-	-	3,768	-	3,768
Net loss for the period	-	-	-	-	(546,762)	(546,762)
Balance, July 31, 2022	28,795,500	4,780,310	1,265,596	(27,888)	(5,702,908)	315,110
Currency translation differences	-	-	-	12,460	-	12,460
Net loss for the period	-	-	-	-	(1,050,765)	(1,050,765)
Balance, April 30, 2023	28,795,500	4,780,310	1,265,596	(15,428)	(6,753,673)	(723,195)

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

AJN RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended April 30, 2023 and 2022

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

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 office and principal place of business is Suite 1400 - 1199 West Hastings St., Vancouver, British Columbia, V6E 3T5, Canada.

The Company's primary business is the acquisition and exploration of mineral properties. The Company's mineral property consists of the Salt Wells Lithium Property (the "Salt Wells Property"), located in Nevada, USA. The Company's exploration and evaluation assets (Note 6) 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.

On February 8, 2022, the Company, through its wholly owned subsidiary AJN Resources Congo SASU ("AJN Congo"), entered into a memorandum of understanding (the "MoU") with the Democratic Republic of the Congo ("DRC" or the "State") 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 Ressources SAU ("Congo Ressources") to acquire a 100% interest in certain claims in the area. AJN Congo will have the option to acquire Congo Ressources in exchange for common shares of the Company representing 60% of the fully diluted issued and outstanding common shares of the Company. As at April 30, 2023, the Company awaits the transfer of permits to Congo Ressources as per agreement.

On December 30, 2022, AJN signed a binding term sheet with Mining Entreprise Katanga SARLU (MEK) in which it can acquire a 75% interest in exploration permit PR 15383 which is prospective for lithium, tin and tantalum. AJN will commence with a legal and tenure due diligence once the licence is granted by the Minister of Mines. Subsequent to the period ended April 30, 2023, the Company was informed that PR 15383 was granted on 23 February 2023.

These unaudited condensed interim consolidated financial statements for the three and nine months ended April 30, 2023 and 2022 ("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. During the three and nine months ended April 30, 2023, the Company incurred a net loss of \$276,279 and \$1,050,765, respectively (2022 - \$546,701 and \$934,478, respectively). As at April 30, 2023, the Company had a working capital deficiency of \$922,304 (July 31, 2022 - working capital of \$111,173), and an accumulated deficit of \$6,753,673 (July 31, 2022 - \$5,702,908). 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 a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. 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 June 28, 2023.

AJN RESOURCES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended April 30, 2023 and 2022**

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

2. BASIS OF PREPARATION (continued)**b) Basis of presentation**

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.

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 primary and secondary indicators as part of its decision-making process. These financial statements are presented in Canadian dollars, which is the functional currency of the Company, references to "USD" or "US\$" are to United States dollars. The functional currency of AJN Congo is the USD.

d) Basis 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. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

The significant accounting policies applied and significant judgements and estimates made in the preparation of these financial statements are consistent with those applied and disclosed in Note 3 to the Annual Financial Statements.

4. RESTRICTED CASH

The Company is required to maintain a security deposit with the DRC to hold exploration land use permits for its exploration and evaluation activities on prospective properties. The restricted cash is intended to cover potential environmental liabilities relating to the Company's exploration and evaluation activities.

5. PREPAID EXPENSES AND DEPOSIT

A summary of the Company's prepaid expenses and deposit is as follows:

	April 30, 2023	July 31, 2022
	\$	\$
Prepaid expenses	64,481	57,863
Deposit	9,030	29,030
	73,511	86,893

As at April 30, 2023, the Company's prepaid expenses include a total of \$64,481 (July 31, 2022 - \$57,863) of professional fees that will be rendered in the future.

As at April 30, 2023, the Company's deposit includes an amount of \$9,030 (July 31, 2022 - \$9,030) paid for a drilling program at the Salt Wells Property, and a retainer of \$nil (July 31, 2022 - \$20,000) paid for legal services that were rendered during the three and nine months ended April 30, 2023.

AJN RESOURCES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended April 30, 2023 and 2022**

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

6. EXPLORATION AND EVALUATION ASSETS**a) Salt Wells Property**

A summary of the Company's Salt Well Property exploration and evaluation asset is as follows:

	April 30, 2023	July 31, 2022
	\$	\$
Acquisition costs	92,248	92,248
Exploration costs:		
Field expenses	118,560	118,559
Geological consulting	94,316	94,316
Geophysical	30,366	30,367
Accumulated impairment	(172,496)	(172,496)
	162,994	162,994

In 2017, the Company entered into an option agreement (the "Option Agreement") to acquire a 100% interest in certain claims comprising the Salt Wells Property. Pursuant to the Option Agreement, the Company was obligated to pay initial filing fees of \$26,666 (US\$19,125) and a further US\$7,755 annually until the Company terminates the Option Agreement. The Company completed an exploration development program with a first-year work requirement of US\$60,000 and a second-year work requirement of US\$80,000.

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 US\$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 US\$1,250,000. Furthermore, a cash payment of US\$250,000 is payable upon the property attaining commercial production.

As at April 30, 2023, the Company has a reclamation bond of \$19,142 (July 31, 2022 - \$19,142) held with the Bureau of Land Management of Nevada.

b) DRC

During the three and nine months ended April 30, 2023, the Company recognized in profit or loss exploration expenses of \$58,388 and \$169,678, respectively (2022 - \$102,347 and \$102,347, respectively) that were incurred exploring prospective properties located in the DRC that the Company does not own or control.

AJN RESOURCES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended April 30, 2023 and 2022**

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

7. EQUIPMENT

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

	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$
Cost			
Balance, July 31, 2021	14,836	22,541	37,377
Currency translation differences	431	664	1,095
Balance, July 31, 2022	15,267	23,205	38,472
Currency translation differences	898	1,364	2,262
Balance, April 30, 2023	16,165	24,569	40,734
Accumulated depreciation			
Balance, July 31, 2021	3,459	5,255	8,714
Depreciation	3,064	4,656	7,720
Currency translation differences	93	144	237
Balance, July 31, 2022	6,616	10,055	16,671
Depreciation	2,393	3,639	6,032
Currency translation differences	421	637	1,058
Balance, April 30, 2023	9,430	14,331	23,761
Carrying amount			
Balance, July 31, 2022	8,651	13,150	21,801
Balance, April 30, 2023	6,735	10,238	16,973

8. 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 convertible debenture may be converted into common shares at any time from the April 17, 2022 to the date of maturity by either the holder or the Company if the closing price of the common shares of the Company on the CSE have been equal to or greater than \$2.00 per common share for a period of 15 consecutive trading days.

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. This component was recorded in reserves on April 17, 2020.

Interest expense for the three and nine months ended April 30, 2023 was \$6,539 and \$22,369, respectively (2022 - \$7,656 and \$23,487, respectively), and was recorded as accrued interest payable. Non-cash accretion expense for the three and nine months ended April 30, 2023 was \$24,273 and \$81,088, respectively (2022 - \$25,918 and \$77,652, respectively). As at April 30, 2023, the convertible debenture balance was \$1,256,115 (July 31, 2022 - \$1,175,027) and accrued interest payable was \$62,806 (July 31, 2022 - \$40,437). At option of the Company, the convertible debenture may be converted into common shares or its term to maturity may be extended. The convertible debenture matured on April 17, 2023. As at April 30, 2023, the Company has not elected to convert or extend the term to maturity of the convertible debenture.

AJN RESOURCES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended April 30, 2023 and 2022**

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

9. SHARE CAPITAL**a) Authorized share capital**

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

b) Share capital transactions

During the nine months ended April 30, 2023, the Company had no share capital transactions.

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

- On February 21, 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.
- On May 25, 2022, 2,400,000 units were issued at a price of \$0.40 per unit for gross proceeds of \$960,000. 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 \$269,622 to reserves relating to the relative fair value of the warrants.
- On June 22, 2022, 312,500 units were issued at a price of \$0.40 per unit for gross proceeds of \$125,000. 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 \$32,415 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 option activity 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, July 31, 2022	1,425,000	0.50
Cancelled	(350,000)	0.20
Balance, April 30, 2023	1,075,000	0.60

A summary of the Company's stock options outstanding and exercisable as at April 30, 2023 is as follows:

Expiry date	Exercise price	Options outstanding	Options exercisable	Weighted
				average years remaining
	\$	#	#	Years
February 24, 2024	0.80	675,000	675,000	0.82
August 21, 2024	0.25	400,000	400,000	1.31
	0.60	1,075,000	1,075,000	1.00

d) Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants outstanding	Weighted average exercise price
	#	\$
Balance, July 31, 2021	-	-
Issued	2,712,500	0.50
Balance, April 30, 2023 and July 31, 2022	2,712,500	0.50

AJN RESOURCES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended April 30, 2023 and 2022**

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

9. SHARE CAPITAL (continued)

A summary of the Company's warrants outstanding as at April 30, 2023 is as follows:

Expiry date	Exercise price	Warrants outstanding and exercisable	Weighted average years remaining
	\$	#	Years
May 25, 2023	0.50	2,400,000	0.07
June 22, 2023	0.50	312,500	0.15
Balance, April 30, 2023	0.50	2,712,500	0.08

10. RELATED PARTY TRANSACTIONS

Key management personnel are those who have 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 nine months ended April 30, 2023 and 2022.

A summary of the Company's related party transactions is as follows:

	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Directors' fees (recovery)	(46,000)	12,000	(34,000)	36,000
Management fees	126,446	109,912	368,799	278,962
	80,446	121,912	334,799	314,962

As at April 30, 2023, amounts due to related parties, included in accounts payable and accrued liabilities, were \$64,742 (July 31, 2022 - \$82,243). The amounts due to related parties are unsecured, non-interest bearing, and due on demand.

11. 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.

A summary of the Company's assets by geographic region as at April 30, 2023 is as follows:

	Canada	United States	DRC	Total
	\$	\$	\$	\$
Current assets	360,819	9,030	136,678	506,527
Non-current assets	-	182,136	16,973	199,109
Total assets	360,819	191,166	153,651	705,636
Total liabilities	(1,428,831)	-	-	(1,428,831)

A summary of the Company's assets by geographic region as at July 31, 2022 is as follows:

	Canada	United States	DRC	Total
	\$	\$	\$	\$
Current assets	1,188,040	9,030	267,582	1,464,652
Non-current assets	-	182,136	21,801	203,937
Total assets	1,188,040	191,166	289,383	1,668,589
Total liabilities	(1,348,601)	-	(4,878)	(1,353,479)

AJN RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended April 30, 2023 and 2022

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

12. 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.

As at April 30, 2023, the carrying values of cash, restricted cash, accounts payable and accrued liabilities, and accrued interest payable approximate their respective fair values due to their short-term nature. These financial instruments, as well as the convertible debenture are measured at amortized cost.

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

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash and restricted cash. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada, and restricted cash held in trust with an external legal counsel.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required. The Company is exposed to liquidity risk through its accounts payable and accrued liabilities, accrued interest payable, and convertible debenture. Management mitigates this risk by monitoring its cash position and issuing common shares or debt as required. As at April 30, 2023, the Company's cash balance of \$283,397 (July 31, 2022 - \$1,241,905) will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities balance of \$109,910 (July 31, 2022 - \$138,015), accrued interest payable balance of \$62,806 (July 31, 2022 - \$40,437), and convertible debenture balance of \$1,256,115 (July 31, 2022 - \$1,175,027). Therefore, the Company is exposed to liquidity risk and will be required to raise additional capital and or debt in the future to fund its operations. Liquidity risk has been assessed as high.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as its convertible debenture is payable at a fixed interest rate.

d) Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency. AJN Congo's functional currency is the US dollar and therefore the Company is exposed to foreign exchange risk from fluctuations in the US dollar to the Canadian dollar. As at April 30, 2023, the Company had cash of US\$100,661 (July 31, 2022 - US\$208,657) in DRC. The Company does not hedge its foreign exchange risk using hedging agreements.

e) Geopolitical risk

Geopolitical risk is the risk that the fair value of financial instruments will fluctuate if there is a sudden and rapid destabilization of global financial conditions in response to future events, as government authorities may have limited resources to respond to the current or future crisis. Future crises may be precipitated by any number of factors outside the Company's control, including another pandemic, natural disasters, geopolitical instability, supply chain constraints or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Company's ability to obtain equity or debt financing or make other suitable arrangements to operate and/or finance its projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions, the Company's results of operations and financial condition could be adversely affected.

AJN RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended April 30, 2023 and 2022

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

13. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity and its convertible debenture. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations including corporate and administrative functions to support operations. The Company obtains funding primarily through issuing common shares and debt. Future financing is dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

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

14. SUBSEQUENT EVENTS

On May 25, 2023, a total number of warrants of 2,400,000 expired unexercised.

On June 2, 2023, the Company entered into a binding term sheet (the "Binding Term Sheet 2") with Palm Constellation SARL in DRC, to acquire a 70% indirect interest in an exploration permit located in the Manono Territory, Tanganyika Province of the DRC ("PR 15282") in exchange for:

- A cash payment of US\$50,000 by June 12, 2023;
- A cash payment of US\$100,000 by August 30, 2023 to conduct technical, financial and legal due diligence and obtaining all necessary approvals in the DRC;
- A cash payment of US\$250,000 and the issuance of the number of shares that are equal to 10.5% of the Company's issued and outstanding common shares for the first 51% indirect interest;
- A cash payment of US\$250,000 and the issuance of an additional 4,000,000 of the Company's common shares for a further 9% indirect interest; and,
- A cash payment of US\$5,000,000 for the remaining 10% indirect interest.

On June 22, 2023, a total number of warrants of 312,500 expired unexercised.