

AJN Resources Inc.
MANAGEMENT DISCUSSION AND ANALYSIS
For the period ended April 30, 2020

AJN Resources Inc.

Management Discussions and Analysis

For the period ended April 30, 2020

This management discussion and analysis of financial position and results of operations (“MD&A”), prepared as of May 26, 2020 provides an analysis of the operations and financial results of AJN Resources Inc. (“the Company”) for the period ended April 30, 2020, and should be read in conjunction with the interim financial statements for the period ended April 30, 2020.

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

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.

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

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

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

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

- general business and economic conditions;

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- 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.

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

OVERALL PERFORMANCE

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

During the period ended April 30, 2020 the Company completed two separate financings raising a total of \$3,256,115. \$2,000,000 was raised through the issuance of 5,000,000 common shares at \$0.40 and \$1,256,115 was raised through the issuance of a convertible debenture carrying an interest rate of 2.5% per annum.

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).

AJN can secure the direct participation rights in these gold projects held by SOKIMO in consideration of AJN issuing common shares equal to 60 per cent of the issued and outstanding shares of AJN post financing. The transaction is an arm's-length transaction.

On completion of this financing and satisfaction of all conditions, including, but not limited to, the delivery of all the securities, recordable assignments and related documents representing the rights to direct participation being transferred by Sokimo to AJN, AJN will issue common shares in the capital of AJN equal to 60 per cent of the issued and outstanding common shares of AJN post financing. All shares issued to SOKIMO under this transaction will be subject to a statutory four-month hold period and may be subject to regulatory escrow requirements imposed by Canadian regulatory authorities.

AJN and SOKIMO will conclude legal and technical due diligence within 90 days of signing the MOU prior to obtaining all regulatory approvals (including approvals from the Canadian Securities Exchange) and execution of a final agreement before closing.

The financing, as well as the transfer to AJN of SOKIMO's entire right, title and interest in and to the equity position in the projects, shall be completed at a closing. The time and place of the closing will be mutually agreed to by AJN and SOKIMO, and will be subject to regulatory approvals.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following is a summary of the Company's financial results for the eight most recently completed quarters:

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Period Ending	Revenue	Net Income (Loss)	Net Comprehensive Income (Loss)	Basic and Diluted Loss per Share
April 30, 2020	-	\$(1,220,157)	\$(1,220,157)	\$(0.056)
January 31, 2020	-	\$(619,711)	\$(619,711)	\$(0.031)
October 30, 2019	-	\$(49,335)	\$(49,335)	\$(0.002)
July 31, 2019	-	\$(81,995)	\$(81,995)	\$(0.011)
April 30, 2019	-	\$(26,168)	\$(26,168)	\$(0.002)
January 31, 2019	-	\$(36,298)	\$(36,298)	\$(0.002)
October 31, 2018	-	\$(21,827)	\$(21,827)	\$(0.001)
July 31, 2018	-	\$(179,930)	\$(179,930)	\$(0.017)

RESULTS OF OPERATIONS

The Company's comprehensive loss for the period ended April 30, 2020 was \$2,123,926 (2018 - \$84,293), or \$0.104 per Common Share. The table below outlines the expenses incurred during the period:

Operating Expenses

Consulting Fees (Note 6)	\$	319,100
Office and Miscellaneous		10,924
Marketing Expense		260,610
Filing Fees		22,387
Travel Expenses		62,005
Stock-Based Compensation (Note 6 and 7)		606,963
Professional Fees		877,503
Total Operating Expenses		<u>2,159,492</u>

Other Income (Expenses)

Gain on Foreign Exchange		32,301
Interest Income (Note 8)		3,264
Total Other Income (Expenses)		<u>35,565</u>

Net Loss and Comprehensive Loss \$ (2,123,926)

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

For the period ended April 30, 2020, mineral property acquisition and exploration costs totaled \$43,107. The table below outlines the costs added to the exploration and evaluation asset during the period:

	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
	<u>205,671</u>	<u>43,108</u>	<u>248,779</u>
Total	<u>\$ 264,848</u>	<u>\$ 43,107</u>	<u>\$ 307,955</u>

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LIQUIDITY

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

During the period from incorporation to July 31, 2017, the Company raised \$270,000 through the issuance of 11,000,000 common shares.

During the year ended July 31, 2018 the Company raised \$431,300 through the issuance of 3,656,500 common shares and 656,500 special warrants.

During the year ended July 31, 2019, the Company raised 1,136,250 through the issuance of 4,545,000 common shares.

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.

The Company expects that its cash position of \$3,050,090 as at the most recent month end being April 30, 2020, will be sufficient for the Company to become operational to begin meeting its objectives and milestones. Once the Company is operational, it will require additional working capital in order to increase its growth rate and may seek to raise additional funds via one or more private placements.

CAPITAL RESOURCES

As at January 31, 2020, the Company's share capital was \$3,826,957 (2019: \$701,300) representing 25,083,000 issued and outstanding common shares without par value (2019: 15,313,000).

Under the escrow agreement dated January 19th, 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.

During the year ended July 31, 2019, the Company issued 4,545,000 shares at a price of \$0.25 raising net proceeds of \$1,121,850 after payment of \$14,400 in finder's fees. 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.

RISK FACTORS

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 short-term nature of these instruments.

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

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

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

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

As at April 30, 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:

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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.

OUTSTANDING SHARE DATA

The Company's authorized capital is unlimited common shares without par value. As at May 26, 2020, the following common shares, options and share purchase warrants were outstanding:

As at May 26, 2020	Number issued and outstanding
Common Shares	25,083,000
Special Warrants	0
Stock Options	2,425,000
Fully Diluted	27,508,000

TRANSACTIONS WITH RELATED PARTIES

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.

Officers and Directors

- Klaus Eckhof, President, CEO and Director
- Mark Gasson, CFO and Director
- Sheena Eckhof, Director
- Nigel Ferguson, Director

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at April 30, 2020 and to the date of this MD&A.

CHANGES IN ACCOUNTING POLICIES

As the Company began its operations on September 1, 2016 and the financial statements for the year ended July 31, 2017 are its first financial statements, all accounting policies were initially adopted during the financial year ended July 31, 2017 and have not changed.

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APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A on May 29, 2020.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com.

HEAD OFFICE and OPERATIONS

AJN Resources Inc.
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Surrey, British Columbia, Canada
V3S 1L3

LISTINGS
CSE: AJN
Frankfurt: 5AT

CAPITALIZATION
(as at March 14, 2020)
Shares Issued: 25,083,000

TRANSFER AGENT
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AUDITOR
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