



ARANJIN RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

The following interim Management's Discussion & Analysis ("MD&A") of Aranjin Resources Ltd. (the "Company" or "Aranjin") for the three months ended March 31, 2021 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last management's discussion & analysis, being the Management's Discussion & Analysis ("December 2020 MD&A") for the year ended December 31, 2020. This interim MD&A does not provide a general update to the December 2020 MD&A, or reflect any non-material events since the date of the December 2020 MD&A.

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the December 2020 MD&A, consolidated financial statements of the Company for the year ended December 31, 2020 together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 17, 2021, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Aranjin common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company will be able to continue its business activities.	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain equity funding when required.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.

The Company will be able to carry out anticipated business plans.	The operating activities of the Company for the three months ending March 31, 2021, will be consistent with the Company's current expectations.	Sufficient funds not being available; increases in costs; the Company may be unable to retain key personnel; government regulations will change in a negative manner towards exploration activities for junior mining companies.
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Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was incorporated on November 14, 2012 under the Business Corporations Act (British Columbia).

The records and registered office of the Company is located at 595 Howe St, Suite 704, Vancouver, British Columbia V6C 2T5. The Company has five subsidiaries; FSD Holdings Limited (incorporated in the British Virgin Islands), FSD Brazil Limited (incorporated in the British Virgin Islands), Aranjin Resources LLC (incorporated in Mongolia), 1030301 BC Ltd (incorporated in Canada) and Diamond Blockchain Limited (incorporated in Canada).

On May 15, 2014, Five Star Diamonds Limited ("FSD BVI"), was incorporated under the laws of the British Virgin Islands. FSD BVI has two subsidiaries; FSD Brazil Limited (incorporated in the British Virgin Islands) and Five Star Mineração Ltda. (incorporated in Brazil) with a focus on the business of mining, mineral and resource exploration and development in Brazil. FSD BVI had one material project, the Catalão Diamond Project, located in the State of Goiás, Brazil. The Catalão Diamond Project is comprised of one exploration licence of 1,999.42 hectares. FSD BVI entered into agreement to divest all its Brazil diamond interests to a private investor group for future consideration on July 17, 2020.

On September 9, 2016, FSD BVI signed a definitive merger agreement ("Merger Agreement") with Turquoise Capital Corp. ("Turquoise"), a company listed on the TSX Venture Exchange ("TSX-V") with one subsidiary; 1030301 BC Ltd.

On April 20, 2017, Turquoise Capital Corp., FSD BVI and FSD Holdings Limited (a wholly owned subsidiary of FSD BVI) finalised the Merger Agreement. All of the ordinary shares of FSD BVI outstanding immediately prior to the merger were cancelled and in exchange the holders of the cancelled ordinary shares received one common share in the capital of FSD BVI for every share previously held. An aggregate of 101,287,345 common shares were issued to the former shareholders of FSD BVI. The resulting merged entity of FSD Holdings Limited became a wholly-owned subsidiary of FSD BVI. As a result of the merger, FSD BVI was subsequently struck off.

In connection with the completion of the Transaction, the Company completed a private placement (the "Offering") of 17,815,480 common shares at a price of \$0.30 per share for aggregate gross proceeds of \$5,344,644. In connection with the Offering, the Company provided compensation to registered brokers, registered dealers and other finders comprised of an aggregate of \$403,185 in cash and an aggregate of 1,343,960 non-transferable common share purchase warrants, with each whole warrant entitling holder to acquire one Common Share at a price of \$0.30 per share for a period of two years from the date of issuance.

Following completion of the Transaction and the Offering, the Company has 128,777,096 common shares issued and outstanding and securities convertible into an aggregate of 1,543,950 additional common shares.

The Company's common shares commenced trading on the TSX-V under the symbol "STAR" on April 25, 2017. Upon the name change of the Company to Aranjin Resources Ltd, the trading symbol on the TSX-V changed to "ARJN" on June 12, 2020.

On October 28, 2020, the Company completed the acquisition of Copper project (Bayan Undur) through its wholly-owned subsidiary Aranjin Resources LLC. Bayan Undur ("BU") Project is located in Bayankhongor province, Mongolia comprising four mining licenses.

With the divestment of the Brazil diamond interests in 2020, the Company is now primarily engaged in the exploration and development of mineral properties in Mongolia.

Corporate Highlights

During the three months ended March 31, 2021 and as at May 17, 2021, the following corporate activities had occurred:

On February 24, 2021, the Company announced the commencement of drilling program at its BU Project. Over \$10m worth of historical drilling and associated analysis at the BU project has now been reviewed. As a result of this analysis, the Company plans to start with one deep hole at a highly targeted area of the BU project in April 2021. The Company expects to have an active exploration program in 2021.

On February 24, 2021, the Company announced that Mr. Gizman Abbas has resigned as a director of the Company.

The Company's plans to acquire the Baruun Tal ("BT") Project have been delayed due to issues outside the Company's control but including the COVID pandemic. The Company expects to have an update on the potential acquisition of the Baruun Tal in the coming months.

Trends

Management regularly monitors economic conditions and estimates their impact on the Company's investments and incorporates these estimates in both short-term operating and longer-term strategic decisions. During the three months ended March 31, 2021 and to the date of this MD&A, equity markets in the junior resource sector, particularly the TSXV, have been volatile and this was compounded by the COVID-19 pandemic. However, companies with good projects continue to access the capital markets to fund their operations.

The COVID-19 pandemic has resulted in significant disruption to the Company's operations during the financial year. The Company has been experiencing ongoing adverse impacts on other pending license acquisitions as well as the Company's exploration program. This issue continues to impact the timing of exploration work. Preventative measures are in place to ensure the well-being of contractors and no risks were noted at the end of the reporting period. Management continues to monitor the business environment as a result to ensure minimal disturbances to business operations. The Company continues to be in operations as of the current date.

Apart from these factors and the risk factors noted under the heading "Risk Factors" below, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Financial Highlights

The following tables set forth selected audited and unaudited consolidated financial information of the Company as at and for the periods indicated.

This financial information is derived from, and should be read in conjunction with, the consolidated financial statements of the Company for the year ended December 31, 2020 and three months ended March 31, 2021 and the notes thereto.

Financial information presented below is prepared in accordance with accounting policies in accordance with IFRS unless otherwise stated.

Balance sheet review

	As at	
	March 31, 2021	December 31, 2020
Total Assets	\$759,931	\$808,459
Cash	\$427,266	\$481,144
Current Liabilities	\$802,452	\$715,204
Total Liabilities	\$1,522,620	\$1,427,179
Shareholders' Equity	\$(762,689)	\$(618,720)

As at March 31, 2021, the Company's total assets were \$759,931 (December 31, 2020: \$808,459), comprising of cash of \$427,266 (December 31, 2020: \$481,144), deferred exploration and evaluation expenditures related to newly acquired BU Project of \$287,528 (December 31, 2020: \$290,440), prepaid expenses for the BT Project of \$5,037 (December 31, 2020: \$3,834) and GST receivable balance of \$35,059 (December 31, 2020: \$33,041). Key movements on the balance sheet are as follows:

- The decrease in assets resulted from cash balance decreased due to paying some suppliers and interest on convertible debentures.
- The Company's total assets included other receivables of \$45,137 (December 31, 2020: \$36,875) which comprises of GST receivable and prepaid expenses for new projects acquisition.
- Total liabilities of \$1,522,620 as at March 31, 2021 increased from \$1,427,179 as at December 31, 2020 due to accrued management fees for the reporting period.

Income statement review

	Three months ended	
	March 31, 2021	March 31, 2020
Net Loss	\$142,349	\$352,417

Three months ended March 31, 2021 compared to three months ended March 31, 2020

During the three months ended March 31, 2021, the Company incurred a net loss of \$142,349 (three months ended March 31, 2020: \$352,417). The expenses for the three months ended March 31, 2021, include the following material items:

- During the three months ended March 31, 2020, the Company wrote off certain tangible assets with book value of \$330,576 due to the Company's decision to focus on advancing Mongolian projects.
- Consultants and directors' fees increased in the three months ended March 31, 2021, to \$86,040 compared with \$21,000 for the same period in 2020 due to the management fees are being accrued from late 2020.
- Accounting, audit and tax fees decreased in the three months ended March 31, 2021, to \$9,579 compared with \$37,550 for the same period in 2020, due to less business activities.

Cash Flow

Net cash used in operating activities for the three months ended March 31, 2021 was \$32,553 (three months ended March 31, 2020: \$21,798). Operating activities were mostly affected by payments to the suppliers.

Net cash used in investing activities during the three months ended March 31, 2021, was \$2,912 for the acquisition of BU Project (three months ended March 31, 2020: \$Nil).

Net cash used financing activities were \$24,237 for the three months ended March 31, 2021 (three months ended March 31, 2020: \$(15,274)). The financing activities include payment for interest on convertible debentures.

Liquidity and Financial Position

The activities of the Company, principally the acquisition and exploration of prospective mineral properties are financed through the completion of equity transactions such as equity offerings and the exercise of warrants and stock options. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Risk Factors" below.

The Company has no operating revenues and therefore must utilize its current cash reserves, funds obtained from the issuance of share capital, exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing operating activities. As of March 31, 2021, the Company had 216,135,041 common shares issued and outstanding and 14,850,000 options and 66,993,166 warrants that would raise \$5,416,133 if exercised in full.

Trade and other payables increased to \$802,452 as at March 31, 2021, compared to \$715,204 as at March 31, 2020.

The Company's cash balance of \$427,266 as at three months ended March 31, 2021 is not sufficient to pay the current liabilities. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and repay its liabilities arising from normal business operations as they become due.

As at March 31, 2021, the Company had negative working capital of \$330,049, compared to a negative working capital of \$197,185 as at December 31, 2020, an increase of \$132,864 or approximately 67%. The Company had cash and cash equivalents of \$427,266 as at March 31, 2021, compared to \$481,144 as at December 31, 2020, an decrease of \$53,878.

The Company's liquidity risk from financial instruments is minimal as excess cash is held in current bank accounts.

The Company has reviewed its discretionary administrative overhead for the following twelve months and anticipates the requirement to be approximately \$0.4 million. In addition, the Company estimates the exploration work programs at its projects to cost approximately \$1 million.

The Company will continue to monitor its working capital requirements closely to ensure the Company meets its commitments and continues to move forward on development. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company. See "Risk Factors" below and "Forward Looking Statements" above.

The following liquidity and financing measures have been undertaken in order to manage the Company working capital and funding requirements.

Debt for Equity Settlement

On February 26, 2020 the Company announced that it has issued Common Shares in payment of drilling services provided to the Company pursuant to a drilling for shares arrangement previously announced on April 17, 2018. The Company settled an aggregate amount of \$484,698 owing to the drilling contractor for drilling completed on the Company's Brazilian diamond properties through the issuance of 9,693,960 Common Shares at a deemed issuance price of \$0.05 per Common Share, all in accordance with the drilling contract entered into between the Company and the drilling contractor.

On November 17, 2020, the Company settled \$700,976 in residual amounts owing to certain past and current officers, directors and service providers of the Company through issuing total of 7,009,763 common shares of the Company. The Company obtained disinterested shareholder approval to settle debts in Common Shares on the same terms.

Additional Financing & Convertible Debenture Units

In August 2018, the Company completed non-brokered private placement of 653 convertible debenture units (the "Convertible Debenture Units") at a price of \$1,000 per Convertible Debenture Unit with its largest shareholder, R&R Venture Partners ("R&R")

(the "Offering"). Each Convertible Debenture Unit consisted of: (i) one \$1,000 principal amount of 12% unsecured convertible debenture (a "Convertible Debenture"); and (ii) 500 Common Share purchase warrants (each, a "Warrant") of the Company.

The Convertible Debentures bear interest from the date of closing at 12% per annum, calculated and payable quarterly in arrears on March 31, June 30, September 30 and December 31 in each year, and will mature August 2, 2023 (the "Maturity Date"). On August 2, 2020, the date that is 24 months from the date of issuance, interest payable on the outstanding principal amount of the Convertible Debentures was capitalized and the Company started paying interest on the outstanding principal accordingly.

The Convertible Debentures are unsecured obligations of the Company and rank *pari passu* in right of payment of principal and interest with all other Convertible Debentures issued under the Offering. The obligations of the Company under the Convertible Debentures will be jointly and severally guaranteed by the Company's material subsidiaries.

The Convertible Debentures are convertible at the option of the holder into Common Shares at any time prior to the close of - 9 - business on the Maturity Date at a conversion price of \$0.20 per Common Share (the "Conversion Price"). Each Warrant will be exercisable to acquire one Common Share (a "Warrant Share") at an exercise price of \$0.20 per Warrant Share for a period of 36 months following issuance, subject to customary adjustments in certain events.

On July 3, 2020, the Company completed the second and final tranche of its previously announced non-brokered private placement issuing 66,666,666 units of the Company at a price of \$0.015 per unit for gross proceeds of \$1,000,000. Each unit is comprised of one common share of the Company and one common share purchase warrant with each warrant exercisable for one common shares at a price of \$0.05 per share for a period of 12 months from closing.

Related Party Transactions

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties). The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

Related parties include members of the board of directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Mr. Matthew Wood, Chief Executive Officer and Director incurred fees of \$19,020 (March 31, 2020: \$nil) for the three months ended March 31, 2021. There was \$19,020 of outstanding balance owing to Mr. Wood as at three months ended March 31, 2021.

Mr. Jeremy South, Chief Financial Officer and Director, and his director fees are paid to Helston Capital Corp, a personal services company which Mr. South is a Director. Helston Capital Corp, incurred fees of \$21,000 (March 31, 2020: \$20,000) for the three months ended March 31, 2021. There was an outstanding balance of \$22,050 including GST owing to Mr. South as at three months ended March 31, 2021.

Mr. Bataa Tumur-Ochir, Director incurred fees of \$19,020 (March 31, 2020: \$nil) for the three months ended March 31, 2021. There was \$19,020 of outstanding balance owing to Mr. Tumur-Ochir as at three months ended March 31, 2021.

Ms. Solongo Gunsendorj, Director incurred fees of \$12,000 (March 31, 2020: \$nil) for the three months ended March 31, 2021. There was \$12,000 of outstanding balance owing to Ms. Gunsendorj as at three months ended March 31, 2021.

On November 17, 2020, the Company issued a total of 7,009,763 Common Shares in settlement of \$700,976 owed to past and current directors and consultants, resulting in a gain on settlement of debt totalling \$385,337 included in the statement of loss and comprehensive loss.

During the year ended December 31, 2020, the Company entered into a non-binding term sheet with Steppe Gold Ltd ("Steppe") to sell a 50% interest in all gold contained in a prospective exploration license. As part of the agreement, Steppe advanced a non-refundable initial deposit of \$50,000 to Aranjin. Bataa Tumor-Ochir and Matthew Wood are also directors of the board of Steppe.

Outlook

The Company is committed to advancing its mineral interests in Mongolia as well as acquiring new licences. It has started preliminary work at its 100% owned Bayan Undur project and it plans to restart exploration activity in Q2 2021. The Company continues to review additional prospective licences and will update shareholders on these activities.

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the market will be favourable, and hence it may be possible to obtain additional funding for its projects.

Notwithstanding, the Company is mindful that the market could fall with little or no warning. Accordingly, its plans for the near term are to recommence drilling programs at its projects, to monitor market fundamentals, and to ensure that the Company is well positioned to weather any possible resurgence of a market downturn. See "Risk Factors".

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's December 2017 MD&A for the fiscal year ended December 31, 2017, available on SEDAR at www.sedar.com.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.