



ARANJIN RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

The following interim Management's Discussion & Analysis ("MD&A") of Aranjin Resources Ltd. (the "Company" or "Aranjin") for the three months ended March 31, 2022 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 2021 MD&A") for the year ended December 31, 2021. This interim MD&A does not provide a general update to the December 2021 MD&A, or reflect any non-material events since the date of the December 2021 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 2021 MD&A, consolidated financial statements of the Company for the year ended December 31, 2021 together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2022, 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 30, 2022, 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, 2022, 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.

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. In 2020 and 2021, the Company acquired Mongolian copper project Bayan Undur Resources comprising four mining licenses and Sharga project comprising one exploration license through Aranjin Resources LLC, the wholly owned subsidiary of the Company.

Corporate Highlights

During the three months ended March 31, 2022 and as at May 30, 2022, the following corporate activities had occurred:

On February 1, 2022, the Company announced that it has entered into an exploration joint venture term sheet agreement with ION Energy Ltd. ("ION"). ION and the Company will grant each other a reciprocal right to explore one another's properties, with the Company earning an 80% interest and ION earning a 20% interest in all base metal projects discovered on ION's properties, and ION earning an 80% interest and the Company earning a 20% interest in all lithium projects discovered on the Company's properties, subject to existing royalties. Each Party will bear their own costs of exploration on the properties of the other Party, with ION obligated to expend at least USD\$500,000 and the Company USD\$3,000,000 over the three (3) years commencing from the date of the Term Sheet. The Company shall be entitled to satisfy any shortfall of its required expenditures in cash up to USD\$2,500,000.

If a Party has prepared a Feasibility Study (as defined by the Canadian Institute of Mining, Metallurgy and Petroleum) in respect of a deposit on a licence of the other Party, and the Party wishes to undertake development of the deposit (the "Development Project"), the Parties shall negotiate a separate joint venture or similar agreement governing the development and operation of the Development Project, with the initial participating interest being 80% for the Party initiating the Development Project, and 20% for the other Party.

The Company appointed Ali Haji, Chief Executive Officer of ION, to the board of directors of the Company and further appointed him as President and Chief Executive Officer of the Company. The Company issued 1% of the outstanding common shares to Mr. Haji as an inducement to act as President and CEO of the Company. The common shares issued to Mr. Haji are subject to a hold period of four months and a day.

The Company's plan to acquire the Baruun Tal ("BT") Project have been delayed due to issues outside the Company's control but including the COVID-19 pandemic and this potential acquisition is highly uncertain at this time.

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, 2022 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 continues to disrupt the Company's operations during the financial period. The Company has been experiencing challenges with license acquisitions and the pandemic and its consequences has also impacted the Company's exploration program. 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.

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.

Selected Consolidated Quarterly Information

To date, the Company has not earned any revenues from its mining properties and is in the exploration and development stage. The ability to ensure continuing operations is dependent on the discovery of economically recoverable reserves, confirmation of its interest in the underlying mineral claims, and its ability to obtain necessary financing to complete the exploration activities, development and advance to production.

The Company is providing the following selected quarterly information with respect to the Company's financial statements for the quarter ended March 31, 2022 and the seven preceding quarters. The financial statements for these periods were prepared in accordance with IFRS and are expressed in Canadian dollars.

	Quarter ended			
	March 31	Dec 31	Sep 30	June 30
	2022	2021	2021	2021
	(Q1)	(Q4)	(Q3)	(Q2)
Net loss	(443,905)	(268,595)	(294,310)	(340,011)
Loss per share, basic and diluted	(0.0021)	(0.0010)	(0.0011)	(0.0015)
Working capital	(1,749,017)	(1,329,294)	(1,387,946)	845,776
Total assets	4,516,106	4,833,187	5,256,080	3,686,015
Shareholders' equity	1,333,273	1,989,468	2,155,117	425,108
Avg. number of shares outstanding	269,230,529	269,230,529	269,230,529	242,576,707

	Quarter ended			
	March 31	Dec 31	Sep 30	June 30
	2021	2020	2020	2020
	(Q1)	(Q4)	(Q3)	(Q2)
Net loss	(142,349)	(317,839)	(374,046)	(439,916)
Loss per share, basic and diluted	(0.0007)	(0.0018)	(0.0018)	(0.0030)
Working capital	(330,049)	(197,185)	(300,380)	(823,503)
Total assets	759,931	808,459	733,198	717,888
Shareholders' equity	(762,689)	(618,720)	(1,004,289)	(1,260,907)
Avg. number of shares outstanding	216,135,041	216,135,041	209,125,278	171,326,945

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, 2021 and three months ended March 31, 2022 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, 2022	December 31, 2021
Total Assets	\$4,516,106	\$4,833,187
Cash	\$482,129	\$708,742
Current Liabilities	\$2,425,443	\$2,096,144
Total Liabilities	\$3,182,833	\$2,843,719
Shareholders' Equity	\$1,333,273	\$1,989,468

As at March 31, 2022, the Company's total assets were \$4,516,106 (December 31, 2021: \$4,833,187), mainly comprising of cash of \$482,129 (December 31, 2021: \$708,742), deferred exploration and evaluation expenditures related to Sharga Project and Bayan Undur Project of \$3,839,679 (December 31, 2021: \$4,066,337). Key movements on the balance sheet are as follows:

- The decrease in assets resulted from cash balance decreased due to payments of management fees and investor relations expenses and interest on R&R Venture convertible debentures.
- An increase in current liabilities mainly driven from the payables to suppliers and Steppe debenture interest accruals.

Income statement review

	<u>Three months ended</u>	
	March 31, 2022	March 31, 2021
Net Loss	\$443,905	\$142,349

Three months ended March 31, 2022 compared to three months ended March 31, 2021

During the three months ended March 31, 2022, the Company incurred a net loss of \$443,905 (three months ended March 31, 2021: \$142,349). The expenses for the three months ended March 31, 2022, include the following material items:

- Financing cost is increased to \$294,809 compared with \$32,430 for the same period in 2021, due to the accruals of accretion expenses on Steppe debentures.
- Investor relation expense is increased to \$21,570 compared with \$Nil for the same period in 2021, due to the commencement of work in the investor relation.
- Accounting, audit and tax fees increased in the three months ended March 31, 2022, to \$20,700 compared with \$9,579 for the same period in 2021, mainly resulted from 2020 and 2021 tax returns filing fees.
- Legal fees increased in the three months ended March 31, 2022, to \$19,727 compared with \$1,204 for the same period in 2021, mainly resulted from joint venture agreement with ION in Q1 2022.

Cash Flow

Net cash used in operating activities for the three months ended March 31, 2022 was \$220,739 (three months ended March 31, 2021: \$56,790). Operating activities were mostly affected by payments to the suppliers and interest payment to R&R Venture.

Net cash used in investing activities during the three months ended March 31, 2022, was \$5,874 for the expenses related to Sharga Project (three months ended March 31, 2021: \$(2,912)).

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, 2022, the Company had 269,230,529 common shares issued and outstanding and 14,850,000 options that would raise \$2,017,500 if exercised in full.

Trade and other payables increased to \$968,270 as at March 31, 2022, compared to \$832,620 as at March 31, 2021.

The Company's cash balance of \$482,129 as at three months ended March 31, 2022 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, 2022, the Company had working capital deficit of \$1,749,016, compared to working capital deficit of \$1,329,294 in prior year, a decrease in working capital of \$419,722. The Company had cash and cash equivalents of \$482,129 as at December 31, 2021, compared to \$708,742 in prior year, a decrease of \$226,613. The decrease in working capital was due to accrued interest payable of \$173,735 to Steppe and payments made to management and suppliers.

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.

On August 30, 2021, the Company issued 26,653,822 common shares to the vendor of Sharga Project, representing 9.9% of the issued and outstanding common shares on an undiluted basis, in accordance with the Sharga Project purchase agreement. The balance of 3,346,178 common shares will be issued when the issuance will not result in the vendor owning more than 9.9% of the issued and outstanding common shares. Issued common shares are valued at the spot market price of C\$0.04. The remaining shares to be issued was recorded as equity reserves in the condensed interim consolidated financial position.

Additional Financing & Convertible Debenture

On June 15, 2021, 26,441,666 of private placement warrants have been exercised for cash proceeds of \$1,322,083 and the remaining 40,225,000 warrants have expired.

On August 2, 2021, 326,500 warrants issued to R&R Venture in relation to the long-term convertible debentures expired.

On August 10, 2021, the Company closed \$1,814,400 unsecured convertible debenture ("Steppe Debenture") into escrow and on August 30, 2021, the Company issued the convertible debentures to Steppe. The proceeds of the Steppe Debenture were used to fund the cash consideration of Sharga Project acquisition. The Steppe Debenture has a term of 12 months and bear interest at a rate of 15% per annum to be accrued and paid at maturity in cash, or at the option of the Company, in common shares. The principal amount of Steppe Debenture is convertible at any time during the term into common shares of the Company at a price of \$0.055 per share. In addition, the Company has agreed to grant Steppe Debenture holder a 1% net smelter returns royalty over the Sharga Project.

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 \$19,048 (March 31, 2021: \$19,020) for the three months ended March 31, 2022.

Mr. Jeremy South, Chief Financial Officer and Director, and his director fees are paid to Helston Capital Corp, a personal services company of which Mr. South is a Director. Helston Capital Corp, incurred fees of \$21,000 (March 31, 2021: \$21,000) for the three months ended March 31, 2022.

Mr. Bataa Tumur-Ochir, Director incurred fees of \$19,048 (March 31, 2021: \$19,020) for the three months ended March 31, 2022.

Ms. Solongo Gunsendorj, Director incurred fees of \$12,000 (March 31, 2021: \$12,000) for the three months ended March 31, 2022.

There were no outstanding balances owing to the directors of the Company as at three months ended March 31, 2022.

On August 30, 2021, the Company issued \$1,814,400 unsecured convertible debentures to Steppe. The proceeds were used to pay the cash portion of Sharga Project acquisition consideration. The debenture has a term of 12 months and bear interest at a rate of 15% per annum to be accrued and paid at maturity in cash, or at the option of the Company, in common shares. The principal amount of the debenture is convertible at any time during the term into common shares of the Company at a price of \$0.055 per share.

During the three months ended March 31, 2022, accretion expenses totalling \$260,756 (March 31, 2021: \$Nil) were recognized in the condensed interim consolidated statement of loss and comprehensive loss. As at March 31, 2022, there was total of \$173,735 interest payable balance to Steppe Gold Ltd. (December 31, 2021: \$106,627).

Outlook

The Company is focused on developing its existing mineral interests in Mongolia as well as acquiring new licences. It has recently completed a short exploration program at the Sharga project and initial results are promising. This initial work has identified further targets for drilling in 2022. The Company has commenced drilling at its 100% owned Bayan Undur project and it is reviewing the preliminary results. Work continues at the ION projects and results should be available in the second quarter of 2022.

The Company is also actively reviewing additional prospective licences and will update shareholders on these activities periodically.

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.