

African Metals Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended May 31, 2021

(Expressed in Canadian Dollars)

AFRICAN METALS CORPORATION. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of African Metals Corporation ("African Metals" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended May 31, 2021. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion dated September 28, 2021 should be read in conjunction with the Company's the audited annual financial statements for the years ended May 31, 2021 and 2020, together with the notes thereto. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company trades on the TSX Venture Exchange under the symbol "AFR". Further information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com.

DESCRIPTION OF BUSINESS

African Metals was incorporated on May 12, 1980 in British Columbia, Canada focused on the acquisition, exploration and development of mineral resources. The Company's main project is the Silver Bell - St. Lawrence Gold Project, in the Virginia City Mining District of Montana, U.S.A. The Company is actively engaged in looking for other major projects and business to acquire in order to enhance shareholder value.

MINERAL PROPERTIES

On April 26, 2019, the Company announced that it has entered into an agreement whereby the Company may acquire a majority interest in the Silver Bell - St. Lawrence Gold Project, in the Virginia City Mining District of Montana, U.S.A. from Frederick Private Equity Corporation, which in turn acquired its interest from Peloton Minerals Corporation. Under the Agreement, the Company may initially earn a 51% interest in the Project by making annual US\$10,000 option payments and spending US\$1,000,000 in exploration expenditures within four years with a minimum of \$200,000 in expenditures during the first year. The Project comprises a 390-acre claim package located about 4 miles southwest of Virginia City in Madison County, Montana, and about 50 miles southeast of Butte, Montana. There is also an area of interest around the Project.

The Project hosts two past producing gold-silver mines, the Silver Bell Mine on the west and the St. Lawrence Mine on the east. Both mines operated in the early 1900s and the St. Lawrence was reactivated and operated in the early 1980s. Historical production records are incomplete but available information suggests that historical production at the St. Lawrence was approximately 0.22 ounces per ton ("opt") gold and 3.8 opt silver. Smelter receipts for small shipments from the St. Lawrence indicate that some ore with much higher grades was shipped. For example, a smelter receipt from October 30, 1964 states that 8.027 tons were received grading 0.76 opt gold and 20.0 opt silver. Historical production at the Silver Bell averaged approximately 0.2 opt gold and 15.1 opt silver. The shafts for each of the former mines are located 3,600 feet apart and the exploration hypothesis is that the two mines shared mineralized systems that may in part be contiguous. Surface mapping and geophysical surveying by the Company support this initial hypothesis and indicate an offset extension of the vein system farther east along strike from the St. Lawrence mine.

A 2,112-foot core drilling program was conducted in late 2019 on this property. A total of 12 holes were drilled in addition to surface sampling of veins, wall rocks and dumps. The 2019 drilling tested the gold vein system in and around the St. Lawrence mine.

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A summary of exploration and evaluation expenditures is as follows:

	May 31 2021 \$	May 31 2020 \$
Assays	-	13,454
Drilling	-	187,497
Geology and field operations	-	86,951
Reporting	36,968	-
Other	-	5,664
	36,968	293,566

Based on the expenditures during the year ended May 31, 2021, the Company has met the minimum of US\$200,000 required. During this time period, the Company spent US\$242,382.

SELECTED ANNUAL INFORMATION

Year ended May 31	2021 \$	2020 \$	2019 \$
Net income (loss) for the year	(606,502)	660,381	10,395,944
Cash flow used in operating activities	583,213	931,112	1,476,412
Cash flow from (used in) investing activities	-	-	11,406,399
Cash flow from (used in) financing activities	130,500	-	(7,028,554)
Total assets ⁽¹⁾	1,461,889	1,972,195	2,863,115
Loss per share (basic and diluted)	0.04	0.05	0.74

(1) As at May 31

SUMMARY OF QUARTERLY RESULTS

For the eight most recent quarters:

	May 31 2021 \$	February 28 2021 \$	November 30 2020 \$	August 31 2020 \$
Net income (loss) for the period	(146,260)	(259,252)	(73,995)	(126,995)
Net income (loss) per share (basic and diluted)	(0.00)	(0.02)	(0.01)	(0.01)

	May 31 2020 \$	February 28 2020 \$	November 30 2019 \$	August 31 2019 \$
Net income (loss) for the period	(363,363)	56,142	(94,617)	(258,523)
Net income (loss) per share (basic and diluted)	0.09	0.00	(0.01)	(0.02)

RESULTS OF OPERATIONS

The Company's net loss for the year ended May 31, 2021 was \$606,502 or \$0.04 per share (net loss of \$660,381 or \$0.05 per share for the year ended May 31, 2020). Net loss for the year results from general and administration of \$455,922, foreign exchange loss of \$113,612 and exploration expenditures of \$36,968.

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General and administrative expenses of \$455,922 for the year ended May 31, 2021 (\$307,893 for the year ended May 31, 2020) included costs associated with the promotion, financing and regulatory compliance activities of the Company, and the Company's overhead, as noted below.

For the year ended May 31	2021 \$	2020 \$
Consulting and management fees	223,000	168,000
Professional fees (legal & audit)	167,101	85,143
Shareholder communications, advertising and promotion	30,521	24,190
Rent	24,500	13,800
Insurance	10,800	-
Office costs	-	16,758
	455,922	307,891

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2021 and September 28, 2021, the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. As at May 31, 2021, African Metals had a working capital surplus of \$1,281,124 (a working capital surplus of \$1,754,314 as at May 31, 2020), and has an accumulated operating deficit of \$30,550,616. During the year ended May 31, 2021, the Company completed a financing for gross proceeds of \$300,000. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is substantial doubt regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. If the going concern assumption is not appropriate, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

FINANCIAL INSTRUMENTS

The carrying amount of financial instruments approximates fair value. The Company's financial assets include cash, cash equivalents, and accounts receivable. The Company does not consider these assets to be subject to credit risk or interest rate risk.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

At the date of this MD&A, there are no proposed transactions.

RELATED PARTY TRANSACTIONS

Key management compensation expense includes the Chief Executive Officer, the Chief Financial Officer and directors. Compensation for the year ended May 31, 2021 was \$223,000 (May 31, 2020 - \$168,000). Balances owing at May 31, 2021 were \$19,000 (May 31, 2020 - \$16,123).

CHANGES IN ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS

Exploration and Evaluation Expenditures

During the quarter ended August 31, 2020, with an effective date of June 1, 2020 the Company adopted a voluntary change in accounting policy, as permitted and accepted under IFRS 6 - *Exploration and Evaluation of Mineral Resources* ("IFRS 6"), with respect to exploration and evaluation ("E&E")

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expenditures. Previously, as permitted under IFRS 6, the Company capitalized costs relating to both the acquisition and exploration of its E&E assets, net of recoveries received.

Complete details of the effects of the change in this accounting policy can be read in the audited financial statements for the year ended May 31, 2021.

SHAREHOLDERS' EQUITY

The authorized share capital of the Company is unlimited shares without par value.

Share capital

Share capital comprises the following:

	Number of shares	Amount \$
Balance, May 31, 2019 and May 31, 2020	14,038,681	31,732,846
Private placement	4,000,000	300,000
Share issuance costs	-	(2,250)
Balance, May 31, 2021	18,038,681	31,030,596

On May 18, 2021, the Company closed a private placement financing for gross proceeds of \$300,000. The financing consisted of the issuance of 4,000,000 common shares at \$0.075 per share. Of the gross proceeds \$167,250 was received on June 2, 2021.

Stock options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's share capital issuable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted by TSX Venture Exchange Policy) or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. All options granted under the Plan will become vested in full upon grant, except options granted to consultants performing investor relations activities, which options are subject to vesting restrictions such that one-quarter of the options shall vest every three months subsequent to the date of the grant of the options.

The following summary sets out the activity in the Plan:

	Options #	Weighted average exercise price \$
Outstanding and exercisable, May 31, 2019 and May 31, 2020	650,000	0.05
Expired	(650,000)	0.05
Outstanding May 31, 2021	-	-

Reserves for stock options were transferred to deficit upon expiry of the stock options.

Fully diluted share capital

As of May 31, 2021 the Company had issued 18,038,681 common shares. As at September 28, 201, the Company had issued 18,038,681 and 1,800,000 common share stock options. The number of common shares outstanding, on a fully-diluted basis is 19,838,681.

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SUBSEQUENT EVENTS

On September 1, 2021, the Company granted officers and directors a total of 1,800,000 stock options exercisable at \$0.09 for a period of 5 years.

TRENDS, RISKS AND UNCERTAINTIES

The Company operated in the DRC, an emerging market, and currently operates in the U.S.A, giving rise to risks from changes in foreign exchange rates. The Company is exposed to fluctuations in world metals prices, over which it has no control. Lower prices could cause the Company to discontinue exploration or production of its properties, as it would become difficult to raise funds.

The Company is not at risk as to its ability to meet its financial obligations or its administrative expenses in the reasonably foreseeable future as it has sufficient cash to meet obligations for at least the next 12 months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. The Company's market conditions related to the COVID-19 global pandemic; the duration and extent of COVID-19; changes in general economic conditions; the imposition of government restrictions on business related to COVID-19; any positive cases of COVID-19 at a project site or in the area which may cause a reduction or suspension in operations and activities which may ultimately affect and delay the exploration timeline; changes in prices for gold and other metals; and other as yet unknown or unidentified risks. Concerning the Company's day to day operations, the Company follows the Canadian Federal and Province of Ontario guidelines and restrictions. Although the Company does not believe that the worldwide COVID-19 situation will have any immediate or long-term effect on its projects, no assurance can be given as to future events, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of its stated plans and expectations. The factors underlying current expectations are dynamic and subject to change.

APPROVAL

The Board of Directors of the Company has approved this Management Discussion and Analysis. Further information is available on the SEDAR website, www.sedar.com.

DATED: September 28, 2021

ON BEHALF OF THE BOARD OF DIRECTORS OF AFRICAN METALS CORPORATION

"John O'Donnell"

John O'Donnell
President and CEO, Director