AFRICAN METALS CORPORATION

Annual Report to Shareholders for the Fiscal Year Ended May 31, 2020
Management Discussion and Analysis

Dear Shareholders:

The following discussion and analysis were prepared as of September 28, 2020 and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended May 31, 2020 and 2019. These consolidated accounts, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standards ("IAS").

This Management Discussion and Analysis contains forward-looking statements. Forward-looking statements are statements that relate to future events. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our industry, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

DESCRIPTION OF BUSINESS

a) African Metals Corporation ("the Company" or "AFR") was incorporated on May 12, 1980 in British Columbia, Canada. On March 26, 2010, the Company acquired 100% of Chevalier Resources Inc, ("Chevalier") a company incorporated under the Canada Business Corporations Act, which held a 57% interest in Luisha Mining Enterprise SARL, ("LME") a company incorporated in the Democratic Republic of the Congo ("DRC"), and which held a 100% interest in the Luisha copper-cobalt property in DRC. In the period ended February 29, 2010, the Company through its subsidiary, Chevalier, acquired an additional 18% interest bringing its total interest in Luisha to 75%. On July 27, 2016 The DRC Government, in accordance with the Article 71 of the DRC Mining Code (2002) granted a full Exploitation Permit license valid until 3 April 2046. As per the DRC Mining Code (2002), the Company transferred 5% of the existing LME shares to the DRC Government, which interest cannot be diluted. The Company incorporated Kundelungu Minerals Resources Sprl ("KMR") in the DRC for the purpose of acquiring other mineral properties and related business activities in that country. The Company also incorporated two BVI subsidiaries, African Metals Holdings (BVI) Ltd. which owned the 75% interest in LME in replacement of Chevalier, and African Metals Resources (BVI) Ltd. KMR was 99% owned by the Company. On July 27, 2016, the application for the renewal and conversion of the Luisha South PEPM 4881 permit to a full 30-year mining exploitation permit ("PE") was approved and granted. As a condition of the granting of the permit in accordance with the DRC Mining Code Article 71, the Company approved the transfer to the DRC government of a 5% interest in the shares of Luisha Mining Enterprises ("LME"), which held the exploitation permit for the Luisha South project, as one of the final stages before the issuance of the PE 4881 permit certificates. The DRC Government share interest was to be free of charge and could not be diluted. Following the Article 71 share transfer, the Company held a 71.25% interest in the Luisha South project and TSM Entreprise S.A.R.L. ("**TSM**") held the remaining 23.75% interest. All fees were paid for the PE 4881 permit and the permit was issued to LME.

Sale of Assets:

The company entered into a purchase agreement dated May 23, 2018 (the "**Original Agreement**") with Luisha Mining Enterprises SARL, ("LME"), Excellen Minerals SARL ("**Project Company**") and Simeon Tshisangama ("Tshisangama") (collectively, the "**Parties**"), with the intention of effecting the Sale by transferring the Target Assets to the Project Company. Such Original Agreement was subsequently amended and supplemented by the Parties by a supplemental agreement dated August 9, 2018 (the "**Supplemental Agreement**").

The sale of the Target Assets included, through LME, an indirect subsidiary of the Company (the Company indirectly owned 71.25% of LME) the Company controlled the ownership of: (i) mining rights in the mining area governed by No. 4881 Mining License (the "**Mining License**") in the DRC; (ii) ore mined from the Mining Area; and (iii) other movables and real estates (collectively, the "**LME Assets**"). The balance of the ownership of the License was as follows: TSM owned 23.75% of LME, and the government of the Democratic Republic of Congo ("**DRC**") owned 5% of LME. The Company also directly or indirectly through a subsidiary owned a 100% interest in a dense medium separation plant (the "**DMS Plant**", and collectively with the **LME Assets**, the "**Target Assets**").

Under the Original Agreement, as amended and supplemented by the Supplemental Agreement (the "**Amended Agreement**"), the Parties intended that, on closing of the Sale (the "**Closing**"), the Target Assets would be transferred to the Project Company.

On October 5, 2018 a Special Shareholder meeting was held to approve by special resolution, the sale of all or substantially all of the Company's assets and guarantee of Luisha Mining Enterprise SARL's obligations under the related sale agreement (the "Special Resolution"), as more particularly described and set forth in the Management Information Circular (the "Circular") which was sent to the shareholders.

The Company required a special majority ($66^{2/3}$%) of the votes cast at the Meeting as well as approval of a simple majority of the votes cast at the Meeting of the disinterested Shareholders, which Shareholders are all Shareholders other than TSM and Tshisangama who are considered "related parties" under MI 61-101. Of the 14,038,681 issued and outstanding shares of the Company, 4,987,134 shares were represented at the Meeting in person or by proxy. The results of the vote were 4,987,084 (99.999%) in favour of the Special Resolution and 50 (0.001%) against.

On December 6, 2018, the Company completed the sale of all or substantially all its assets as approved by special resolution of its shareholders.

The sale price was $10,000,000 USD (Ten Million US Dollars). Upon closing all relevant documentation and conditions were satisfied including approval from the relevant authorities in the DRC of the transfer of the Mining License; and payment of $6,000,000 USD (Six Million US Dollars) to the secured creditor, Traxys Europe SA.

The Company is a mineral exploration company with a registered office in Vancouver, British Columbia which, as of December 6, 2018, no longer has mineral properties in the Democratic Republic of the Congo ("DRC"). The Company is a reporting issuer in British Columbia and Alberta. The Company currently has a "cease trading" order (the "CTO") issued and is listed on the NEX board of the TSX Venture Exchange (symbol AFR.H) whose shares are suspended from trading while the Company completes the necessary SEDAR filings and applications to allow it to be reinstated as a reporting issuer in good standing and reinstated for trading on the TSX Venture Exchange.

The Company is currently up to date with its financial reporting requirements and has applied to the British Columbia Securities Commission to have the CTO lifted.

The functional currency of the Company, Chevalier Resources Inc., African Metals Holdings (BVI) Ltd., and African Metals Resources (BVI) Ltd. is the Canadian dollar. The functional currency of KMR and LME is the United States dollar. The Company's subsidiaries with a United States dollar functional currency have been translated into Canadian dollars as follows: assets and liabilities are translated at year end exchange rates, while revenues and expenses are translated using average rates over the year.

SUMMARY OF ANNUAL RESULTS

The following table sets forth selected financial information for the Company for the last three completed financial years ended May 31, 2020, 2019 and 2018. This information has been derived from the Company's audited consolidated financial statements for each of those years and should be read in conjunction with those financial statements and the notes thereto.

		May 31, 2020		**May 31, 2019**		**May 31, 2018**
Net income (loss) in total	$	953,957	$	10,395,944	$	(665,571)
On a per share basis		0.07		0.74		(0.05)
Total Assets	$	2,265,761	$	2,836,115	$	3,158,871
Total Liabilities	$	183,463	$	509,416	$	11,033,244
Total Shareholders' Equity (Deficiency)	$	2,082,298	$	2,326,699	$	(7,874,373)

FINANCIAL ANALYSIS

The total expenses for the years ended May 31, 2020, 2019 and 2018 are listed below:

EXPENSES		**2020**		**2019**		**2018**
Audit and accounting	$	111,098	$	125,909	$	15,000
Bank charges		1,077		1,008		-
Cost of sales and site costs		-		131,140		48,227
Interest expense		-		223,260		402,242
Legal fees		58,045		19,667		-
Listing and filing fees		20,771		9,037		7,899
Management fees		84,000		84,000		144,000
Office, telephone and miscellaneous		7,460		5,293		1,017
Promotion and shareholder relations		5,208		5,477		2,839
Rent		13,800		10,300		1,200
Salaries		896		88,867		43,147
Transfer Agent		3,419		4,288		-
Consulting fees		2,119		-		-
Government filing fees		-		8,118		-
Interest income		(34,458)		(35,567)		-
Total expenses before items below		273,435		680,797		665,571
Foreign exchange (gain)/loss		(29,034)		(321,514)		-
Gain on forgiveness of debt		-		(2,633,136)		-
Gain on abandonment of subsidiary		1,198,348				
Total Income (Expenses)	$	953,947	$	2,273,853	$	(665,571)

For the year ended May 31, 2020 compared to 2019

The consolidated net income of $953,947 in 2020 was substantially related to the gain from the abandonment of a subsidiary for $1,198,348 and accounting and audit fees of $111,098, legal fees of $58,045 and listing and filing fees $24,190 and management fees of $84,000. By comparison, the consolidated net income of $ 10,395,944 in 2019 related to the sale of the mine and included interest costs of $223,260, management fees and salaries of $172,867, and accounting and audit fees of $125,909.

For the year ended May 31, 2019 compared to 2018

The consolidated net income of $10,395,944 in 2019 was substantially related to the sale of the mine which provided a net gain of $8,122,091. There was interest expense of $223,260 on the loan payable, management fees and salaries of $172,867. There was no revenue during the year however there were cost of sales to maintain the property. By comparison, the consolidated net loss of $ 665,571 in 2018 included interest costs of $402,242 and management fees and salaries of $187,147.

The total expenses for the year ended May 31, 2019 were lower compared to 2018 due to the sale of the mine and related reduction of expenses. The interest expense for 2019 amounted to $223,260 compared to $402,242 in 2018.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Solvency

As at May 31, 2020, the Company had cash of $1,842,910 compared to $2,774,022 as of May 31, 2019. The Company had working capital at May 31, 2020 of $1,754,316 compared to $2,326,699 at May 31, 2019. As at May 31, 2020 the Company had an accumulated deficit of $34,001,195 compared to $34,955,142 at May 31, 2019.

Prior to the election of the current Board of Directors, the Company was essentially insolvent. Following the completion of the sale of all or substantially all its assets, which was arranged by the current Board of Directors and management, the Company became solvent and had sufficient working capital to meet its obligations for at least the subsequent twelve months.

Operating Activities

Cash flow from operating activities for the 2020 fiscal year was a use of funds of $640,082 compared to the use of funds of $1,476,412 in the 2019 fiscal year.

Financing Activities

During the 2020 fiscal year, the Company issued no common shares.

During the year ended 2019 the loan was repaid on December 6, 2018. A majority of the proceeds from the sale of the mine was utilized to repay the loan from Traxys. The repayment total was $7,028,554. Currently there is no loan balance owing.

Investing Activities

During the 2020 fiscal year, the Company utilized funds of $293,566 for activities related to exploration and evaluation assets.

Expenditures included:		
Assay	$	13,454
Drilling		187,497
Geology and field operations		86,951
Property payments		5,664
Exploration costs – May 31, 2020	**$**	**293,566**

During the 2019 fiscal year, the Company, sold its mine assets resulting in a net sale of $8,122,091 which included costs such as legal ($213,146), commission fee ($676,533), and loan cancellation fee ($925,224). The cost of the plant was $1,540,073 and the cost of the mine asset was $1,605,236.

FINANCIAL INSTRUMENTS

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized profit or loss.

All financial assets except those measured at fair value through profit or loss is subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

The Company has classified its cash as fair value through profit and loss. The Company's accounts payable and accrued liabilities, and loan payable are classified as other financial liabilities.

Off-balance sheet agreements

The Company has not entered into any off-balance sheet agreements.

Proposed transactions

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

RELATED PARTY TRANSACTIONS

During the 2020 fiscal year, the Company paid or accrued the following: Management fees totalling $84,000 (May 31, 2019 - $84,000) were incurred with directors of the Company as follows: $24,000 (May 31, 2019 - $24,000) to a company controlled by David Mason, and $60,000 (May 31, 2019 - $60,000) to Simeon Tshisangama.

Additional management fees totalling $60,000 (May 31, 2019 - $60,000) were incurred with a company related to Daniel Gregory, Chief Financial Officer and Corporate Secretary.

Legal fees totalling $24,000 (May 31, 2019 - $183,054) were paid to John F. O'Donnell, a Director

No stock options were issued to offices and directors of the Company during the year ended May 31, 2020.

As at May 31, 2020, $16,123 (May 31, 2019 - $32,248) was due to directors of the Company, and to companies owned by directors and former directors of the Company. The balances do not bear interest, are unsecured and have no fixed payment terms.

The Company has agreed to pay $50,000 to a director of the Company if and when the current Cease Trade Order is lifted.

SIGNIFICANT ACCOUNTING POLICIES

Key sources of estimation uncertainty and critical accounting judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty and judgments made by management in preparing the consolidated financial statements are described below:

Significant estimates made by management affecting the financial statements include:

<u>Carrying value of non-current assets:</u>

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values.

The Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

<u>Income taxes:</u>

Tax interpretations, regulations and legislation in Canada and the Democratic Republic of Congo, in which the Company and its subsidiaries operated, are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Upon the sale of LME, the Company utilized tax carryforwards to offset any taxable income, and subsequently dissolved LME.

<u>CHANGES IN ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS</u>

During the year ended May 31, 2019 the Company adopted IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments. The rest of the accounting policies followed in the presentation of the consolidated financial statements are consistent with those of the previous financial year.

International Financial Reporting Standard 16 Leases ("IFRS 16")

This standard was published in January 2016 and becomes effective on January 1, 2019, replacing the existing guidance in IAS 17, 'Leases'. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company will adopt this standard effective January 1, 2019. Under this standard, the present value of lease commitments will be shown as a liability on the statement of financial position together with an asset representing the right of use, including those leases classified as operating leases under the current

standard IAS 17. This implies higher amounts of depreciation expense and interest expense on lease liabilities will be recorded in the Company's consolidated net earnings or loss in 2019 and future years. Additionally, a corresponding reduction in general and administrative costs and/or production costs is expected.
The Company is not engaged in any customer contracts and as such there is no impact of adopting this standard.

International Financial Reporting Standard 23 ("IFRIC 23") Uncertainty over Income Tax Treatments

IFRIC 23 is a new standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019. The Company does not expect a significant impact on its financial statements from the adoption of this standard. The company sold its assets as disclosed in Note 16 and utilized loss carry forwards to offset any potential taxes. While the company concluded that the risk of any taxes owing in the DRC is remote, the adoption of this standard may have a material impact on the Company's financial statement.

OTHER SIGNIFICANT TRANSACTIONS

During the year ended May 31, 2019, the Company entered into an agreement to sell the assets of the Company. The description of the sale was stated on page 1 of this MD&A.

Share Capital Transactions

During the year no common shares were issued.

OUTSTANDING SHARE CAPITAL DATA

As at May 31, 2020, there were 14,038,681 common shares and 650,000 stock options outstanding to purchase shares of which 500,000 exercisable at $0.05 until December 18, 2020; and 150,000 exercisable at $0.05 until January 28, 2021.

DISCUSSION OF OPERATIONS

On April 26, 2019, the Company announced that it had 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.

For further information please refer to the Company's filings reported at the SEDAR.com website.

Securing Finance

During the year ended May 31, 2019, the Company was successful in securing financing through the sale of the project resulting in net cash generated in December 2018.

SUMMARY OF QUARTERLY RESULTS

The following tables summarize information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended:	**31-May**	**28-Feb**	**Nov. 30**	**Aug. 31**	**May 31,**	**Feb. 29,**	**Nov. 30,**	**Aug. 31,**
Year:	**2020**	**2020**	**2019**	**2019**	**2019**	**2019**	**2018**	**2018**
Total Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Gain (Loss)	$ 1,250,954	$ 56,142	$ (94,617)	$ (258,532)	$ 7,033,359	$ 3,591,885	$ (182,253)	$ (47,047)
Gain (Loss) per share basis	$ 0.089	$ 0.004	$ (0.007)	$ (0.018)	$ 0.501	$ 0.26	$ (0.013)	$ (0.003)

SUBSEQUENT EVENTS

Subsequent to the May 31, 2020 period, the Company has completed or undertaken certain corporate transactions, summarized as follows:

On June 1, 2020 the Company dissolved LME with zero taxes payables.

TRENDS, RISKS AND UNCERTAINTIES

The Company, prior to December 6, 2018, 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 was exposed to fluctuations in world metals prices, over which it has no control.

The Company is not currently at risk as to its ability to meet its financial obligations on its administrative expenses as it has sufficient cash to meet its obligations for at least the next 12 months.

INVESTOR RELATIONS

There are no investor relations agreements in effect currently.

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, 2020

ON BEHALF OF THE BOARD OF DIRECTORS OF AFRICAN METALS CORPORATION

"Simeon Tshisangama"

Simeon Tshisangama
President and CEO, Director