
ALPHA EXPLORATION LIMITED.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

**ALPHA EXPLORATION LTD.
MANAGEMENT DISCUSSION & ANALYSIS**

This Management’s Discussion and Analysis is intended to help the reader understanding Alpha Exploration Ltd (“**Alpha**”, “we”, “our” or the “Company”), our operations, financial performance, and current and future business. This MD&A is intended to supplement and complement our unaudited condensed interim consolidated financial statements for the six months ended June 30, 2022, prepared in accordance with International Financial Reporting Standards (“IFRS”) and the audited consolidated financial statements of Alpha for the year ended December 31, 2021, and 2020, in each case, prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

Except for statements of historical fact relating to Alpha, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made. There can be no assurance that such forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Investors are advised to carefully review and consider the risk factors identified in the Circular under, among other places, “*Risk Factors*” for a discussion of the factors that could cause Alpha’s actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements and forward-looking information. Accordingly, readers should not place undue reliance on such statements. Alpha does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws. Events discussed elsewhere in the Circular (as defined below) have not been included in the discussion below.

This MD&A is prepared as of August 29, 2022. All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are expressed in United States dollars unless otherwise indicated.

Capitalized terms used but not defined herein shall have the respective meanings given to them in the Circular.

Description of Business

Alpha was incorporated under the *BVI Business Companies Act*, (No. 16 of 2004) (the “**BVI Act**”) on December 6, 2011, under the name “Alpha Exploration Ltd.” with business registration number 1684187. Alpha’s head and registered office is located at 3rd Floor, Omar Hodge Building, Wickhams Cay 1, P.O. Box 362, Road Town, Tortola, British Virgin Islands. Alpha has one subsidiary, Alpha Exploration Eritrea Limited, an Eritrean corporation incorporated on March 13, 2018, under the laws of Eritrea (“**Alpha Eritrea**”). Alpha Eritrea currently holds the rights to the Kerkasha Project (as defined below), Alpha’s main exploration property located in Eritrea.

Alpha is a mineral exploration and development company engaged in the business of acquisition, exploration and, if warranted, development of mineral resource properties. Its objective is to locate, define and ultimately develop economic mineral deposits. Alpha currently acquires its properties through negotiating with holders of concessions, claims or mineral licences and enters into acquisition, option agreements or memorandums of understanding to acquire interests in the properties. Alpha then explores for minerals on properties through surface sampling, airborne and/or ground geophysical surveys and drilling. Alpha’s primary focus to date has been the Kerkasha project located in Eritrea, 10 km south of the city of Barentu and 135 km west-southwest of Asmara, the capital city of Eritrea (the “**Kerkasha Project**”).

Alpha currently has 100% ownership of the Kerkasha Project through its wholly owned subsidiary, Alpha Eritrea.

On December 20, 2017, Alpha signed a tenement farm-out agreement with the Eritrean National Mining Corporation (“ENAMCO”) governing the terms of ENAMCO’s participation in the Kerkasha Project (the “ENAMCO Agreement”). Pursuant to the ENAMCO Agreement, the Eritrean government (through ENAMCO) has the right to a 10% free-carried interest in any mining project developed on the Kerkasha Project area. The Eritrean government also has the right to purchase a further 30% equity ‘participating interest’ in the Kerkasha Project at any time from commencement of exploration to six months after completion of a bankable feasibility study relating to the Kerkasha Project. To purchase this participating interest, ENAMCO must pay the equivalent percentage cost of exploration up to the point of acquiring their participating interest (as determined by an independent auditor) and will thereafter contribute the same participating interest percentage in all exploration and development expenditures on the Kerkasha Project going forward. ENAMCO and Alpha will form a share company in accordance with the Commercial Code of Eritrea after ENAMCO has exercised its right of participation.

The Kerkasha Project is subject to a 2% net smelter royalty in favour of Nubian Royalty Corporation, a corporation incorporated under the BVI Act and wholly owned by insiders of Alpha (the “**Nubian Royalty**”). If at any time Nubian Royalty Corporation receives an offer from a third party to purchase the Nubian Royalty or any portion thereof, Alpha has a right to match any such third-party offer.

Operational Highlights

Alpha’s current activities consist solely of mineral exploration. No revenue is currently generated from operational activities.

During the period 1 January – 30 June 2022 (Q1+Q2) Alpha completed the following significant programmes and reports:

Anagulu Prospect:

- During Q4 2021, Dr Richard Sillitoe visited Alpha in Eritrea to review core from the mineralised zones at Anagulu. He completed a report in November 2021 with the conclusion that Anagulu is a gold-copper porphyry system and gave recommendations on a programme of remapping the Prospect with a focus on the prime host for mineralisation, a quartz diorite. During Q1 2022, Alpha carried out a programme of remapping of Anagulu Prospect at 1:1,000 scale, focusing on identifying the quartz diorite.
- During February 2022, Alpha carried a programme of 55 trenches (1,659 samples) over areas considered prospective for mineralisation in the southwest of Anagulu Prospect, from the Q1 2022 mapping programme. Assays from the trenching programme were returned in Q2 2022 and demonstrated there were elevated levels and copper and gold in the southwest that warrant follow up exploration.
- The closer spaced Induced Polarisation survey carried out by TMC at Anagulu in Q2 2021, identified a deep chargeability anomaly in the southwest of Anagulu Prospect, directly below the discovery outcrops. As a consequence, Alpha started to develop the idea that this may be identifying a porphyry at depth that could be the ‘feeder’ for all the mineralisation seen at surface and in the existing drilling. To follow up on this idea, Alpha initiated portable XRF analysis of soils (2,134 samples) on a 20m x 20m basis, 100m x 100m soil sampling for laboratory analysis (42 samples) and rock chip sampling (21 samples) from the area northwest of the current Anagulu Prospect, to see if the interpreted porphyry has also mineralised this area at surface. Assays from the soil and rock chip sampling programme

northwest of Anagulu Prospect are expected in Q3 2022. Drilling of the interpreted porphyry in the southwest of Anagulu Prospect is due to commence in early Q3 2022, with assays expected by the end of Q3 2022.

- During Q2 2022, geological mapping at Anagulu West (1:100 scale) and Anagulu northeast (1:1,000 scale) was completed. The total area mapped was 0.87km².

Aburna Prospect:

- From November - December 2020, Alpha geologists took 352 selected grab samples as part of an initial reconnaissance over approximately 8km² of the Aburna Gold Prospect. Of these samples, 37 showed gold values over 1 g/t gold, 7 showed values over 10 g/t gold and 3 showed values over 100 g/t gold. To follow-up on this initial prospecting success, Alpha Geologists took channel and trench samples at over 60 locations, across the strike of the earlier high-grade rock chip locations during Q3 2021. All assay results from the channel and trench sampling were received in Q1 2022.

Significant channel sample assay results for gold are as follows:

- 51m @ 2.14 g/t gold Channel 51 - Hill 52 Area
- 8m @ 9.65 g/t gold Channel 52 - Hill 52 Area
- 25m @ 3.71 g/t gold Channel 12 - NE Area
- 50m @ 3.81 g/t gold Channel 16 – Celebration Hill Area

Significant trench sample assay results for gold are as follows:

- 45m @ 3.75 g/t gold Trench 22 – Hill 52 Area
- 11m @ 6.55 g/t gold Trench 25 – Hill 52 Area
- 3m @ 17.31 g/t gold Trench 41 – Aburna Central Area
- 1m @ 244.00 g/t gold Trench 40 – Aburna Central Area

- During February 2022, Alpha carried out further trenching (7 trenches for 489 samples – trenches 43-49) at the Hill 52 Target Area to test for steep north-northwest mineralised structures discordant with the current northeast interpreted strike for mineralisation. Assay results for the trench sampling were returned during Q2 2022 and demonstrated significant gold mineralisation in 3 trenches as follows: Trench 43 (7m @2.15g/t Au), Trench 47 (13m @ 0.94g/t Au) and Trench 49 (5m @ 0.86g/t Au).
- During February – March 2022, Alpha carried out a first pass Reverse Circulation (RC) drill programme at Aburna. The drilling comprised 19 holes (ABR001 – 019) for a total of 2,000m and was focused on testing areas beneath the best trench and channel results for gold at the Hill 52, Aburna Central and Celebration Hill Target Areas.

On the 3 May 2022, Alpha announced results for 14 of the 19 RC drill holes at the Aburna Prospect (ABR001 to ABR014):

Highlights

- Drill hole ABR005 in the Hill 52 location intersected 15m averaging 5.85 g/t gold.
- Drill hole ABR008 in the Celebration Hill location intersected 10m averaging 5.24 g/t gold.

On the 25 May 2022, Alpha announced assay results from 4 of the 5 remaining drill holes (ABR016 to ABR019) at Aburna gold prospect:

Highlights

- Drill hole ABR018 in the Hill 52 location intersected 22m averaging 4.50 g/t gold.
- Drill hole ABR017 in the Hill 52 location intersected 5m averaging 1.94 g/t gold.

On the 27 June 2022, Alpha announced assay results from the remaining hole (ABR-015) at Aburna Prospect:

Highlights

- Drill hole ABR015 in the Aburna Central area intersected 3 gold mineralised zones: 7m averaging 3.40g/t gold, 17m averaging 0.35 g/t gold and 27m averaging 0.51 g/t gold. It is important to note that this final intercept was to the end of the drill hole and finished in mineralisation. See Table 1 below for a full summary of intercepts from the first pass drill programme at Aburna Prospect:

Table 1: Summary of best gold Intervals from Aburna RC drill holes ABR001-ABR019

Hole Number	From (m)	To (m)	Interval (m)	Au (g/t)	Area
ABR-001	2	16	14	0.87	Hill 52
and	37	45	8	1.58	Hill 52
ABR-002	2	7	5	3.65	Hill 52
and	14	18	4	1.38	Hill 52
and	69	72	3	1.9	Hill 52
ABR-003	89	91	2	1.43	Hill 52
ABR-004	14	16	2	3	Hill 52
ABR-005	6	21	15	5.85	Hill 52
and	46	47	1	4.48	Hill 52
and	55	57	2	4.65	Hill 52
and	64	65	1	3.31	Hill 52
and	136	137	1	3.31	Hill 52
ABR-008	49	59	10	5.24	Celebration Hill
ABR-015	17	24	7	3.4	Aburna Central
and	56	73	17	0.35	Aburna Central
and	87	114 (EOH)	27	0.51	Aburna Central
ABR-016	79	84	5	0.52	Hill 52
ABR-017	11	20	9	0.42	Hill 52
and	53	61	8	0.94	Hill 52
and	71	76	5	1.94	Hill 52
ABR-018	7	24	17	0.39	Hill 52
and	47	69	22	4.5	Hill 52

Parameters for table above	
1	Using minimum 0.20 g/t to start & finish an interval
2	Maximum dilution interval ($\geq 0.2\text{g/t Au}$) = 2m
3	interval $\geq 1\text{m}$ is reported
4	Interval must be > 3.00 with Au gms x metres

Tolegimja Prospect:

- During January - February 2022, Alpha carried out a Reverse Circulation drill programme at Tolegimja Prospect. The drilling comprised 9 holes (TLR001 – 009) for a total of 1,862m and was focused on testing a chargeability anomaly, anomalous surface geochemistry for copper and zinc and areas beneath gossan outcrops and a rhyolite. Alpha believes these anomalous areas for geophysics, geochemistry and geology could indicate the presence of bi-modal mafic volcanogenic massive sulphide (VMS) mineralisation at depth. Assay results for holes TLR001 & 002 were received in Q1 2022. The most significant intercept was 14m @ 0.5g/t Au, 0.35% Cu, 0.01% Zn from 56-70m in TLR001. Assays from the remaining holes (TLR003 - 009) were announced on the 6 June 2022 as follows:

Highlights:

- Drill hole TLR009 intersected 26m of massive and semi massive sulphide mineralisation averaging 0.11g/t gold, 0.38% copper and 1.67% zinc.
- Drill hole TLR003 intersected 18m of massive and semi massive sulphide mineralisation averaging 0.16g/t gold, 0.34% copper and 0.99% zinc.

Table 2: Summary of best Intervals from Tolegimja RC drill holes TLR001 to TLR-009

Hole Number	From (m)	To (m)	Interval (m)*	Au (g/t)	Copper (%)	Zinc (%)
TLR-001	16	22	6	0.18	0.16	0.01
and	56	70	14	0.50	0.35	0.01
TLR-003	0	24	24	0.01	0.14	0.18
and	30	36	6	0.01	0.28	0.18
and	41	59	18	0.16	0.34	0.99
and	71	77	6	0.32	0.77	1.04
TLR-005	18	20	2	0.01	0.11	0.30
TLR-008	9	12	3	0.00	0.04	0.47
and	17	28	11	0.00	0.01	0.42
TLR-009	62	88	26	0.11	0.38	1.67
and	91	94	3	0.10	0.44	2.00

Note: At this early stage of exploration the true width of the mineralization is uncertain, but it is estimated to be 70 to 80% of reported intervals. Averages for intervals are calculated with a start value of equal or greater than 1,000 ppm Cu or equal or greater than 3,000 ppm zinc, all gold values included in interval regardless of value. A minimum thickness for an interval is equal to or greater than 2m with maximum internal dilution of equal to or less than 2 m

- During March 2022, a total of 7 rock chip samples were collected from Tolegimja with a further 58 rock chips collected in Q2 2022. Assay results are expected in Q3 2022.
- During March 2022, a total of 159 soil samples were collected from Tolegimja with a further 829 soil samples collected in Q2 2022. Assay results are expected in Q3 2022.

During April 2022, a total of 6,028 soil analysis by portable XRF on a 20m x 20m basis was completed at Tolegimja to assist in litho-geochemical analysis.

Kona West Prospect:

- An IP-Resistivity survey consisting of 14-line kms covering an area of approximately 1.5km² was completed by independent contractors TMC Geophysics (Canada) over the Kona West Prospect in June-July 2021. The object of the work was to define targets for drill testing in Q1 2022. A preliminary interpretation of the dataset was received from Southern Geoscience Consultants (Perth, Australia) in September 2021. A full report on this survey with recommendations was received from Southern Geoscience in January 2022.
- During February 2022, Alpha carried out a Reverse Circulation drill programme at Kona West. The drilling comprised 2 holes (KNR011 – 012) for a total of 168m and was focused on testing a sub-horizontal chargeability anomaly at depth that might explain the anomalous copper in soils, rock chip sampling and gossans (with oxide copper) at surface. The holes were drilled vertically and failed to get to depth due to excess water flows. Assay results from the RC drilling were returned in April 2022 and there were no significant results. A Diamond drill ‘tail’ to KNR011, to test the chargeability anomaly is due to commence in Q3 2022. Assay results for the Diamond tail are expected in late Q3 2022.

Other Prospects:

- During Q4 2021, a total of 781 soil samples from 2 Prospect areas and a total of 283 rock chip samples from 6 Prospect areas were collected. Assay results were received in Q1 2022 and identified several areas for follow up exploration.
- During Q2 2022, a total of 15 rock chip samples were collected from Tolefafa Prospect and 6 rock chip samples were collected from Dase Prospect. Assay results are expected in Q3 2022.
- During Q1 and Q2 2022, a total of 101 soil samples were collected from Shahate Prospect in the east of Kerkasha Project. Assay results are expected in Q3 2022.

Regional exploration:

- After the realisation that Tolegimja Prospect may host VMS mineralisation, Alpha commenced a programme of 1:5,000 scale geological mapping in the east of Kerkasha to investigate the possibility that more VMS mineralisation may be present in a north-northeast trend through the entire eastern section of the Kerkasha Exploration License. A total of 17.5km² of geological mapping south of Tolegimja was completed during Q1 2022.

Exploration and Development Expenditures

Mineral exploration expenditures with respect to the Kerkasha Project formed a significant portion of Alpha's expenses during the periods set out in Alpha's financial statements. These expenses are set out in the following table:

	June 30, 2022	December 31, 2021
	\$	\$
Opening balance	7,381,258	4,323,826
Exploration costs:		
Drilling	228,596	376,304
Assays	182,398	298,483
Surveys	90	19,542
Technical services	112,655	461,956
Exploration licenses and fees	11,748	12,267
Labour cost	381,064	792,800
Share based compensation	482,185	464,674
Consultancy charges	-	101,843
Consumable spare parts and supplies	115,746	209,165
Other direct expenses	139,532	255,914
Depreciation expenses	38,302	64,484
Sub total	1,692,316	3,057,432
Ending balance	9,073,574	7,381,258

Quarterly Information

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended June 30, 2022.

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Three months ended	\$	\$	\$	\$
Revenues	-	-	-	-
Net and Comprehensive income (loss) and for the period	27,581	(103,463)	(422,055)	(113,162)
Net income (loss) per share (basic and diluted) ⁽¹⁾⁽²⁾	-	-	(0.01)	-

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Three months ended	\$	\$	\$	\$
Revenues	-	-	-	-
Net and Comprehensive income (loss) and for the period	(132,234)	(108,286)	(413,243)	(1,338,488)
Net income (loss) per share (basic and diluted) ⁽¹⁾⁽²⁾	-	-	(0.01)	-

- (1) Where presented together, the basic and diluted loss per share amounts are the same amount due to the anti-dilutive effect of outstanding stock options and warrants.
- (2) The sum of the quarterly per share amounts may not equal, in aggregate, the annual per share amount due to rounding in the calculations.

The quarter ended June 30, 2022 resulted in net income for the period of \$27,581 compared with net losses for each of the other quarters presented. This is primarily driven by a fair value adjustment gain arising from the revaluation of warrant liabilities of \$325,734, partly offset by share-based compensation of \$71,634 and salaries of \$33,728.

The quarter ended December 31, 2021 included share-based payment compensation of \$255,967, salaries of \$29,613 and higher general and administrative expenses of \$172,446 driven by repairs and maintenance. These costs are partly offset by a fair value adjustment gain arising from the revaluation of warrant liabilities of \$89,663.

The loss for the quarter ended December 31, 2020 is primarily driven by professional fees of \$334,846 mainly attributable to fees payable to the company's legal counsel, and general and administrative costs of \$49,492, mainly resulting from communication charges, accounting fees and housing rental for expatriates.

The loss for the quarter ended September 30, 2020 is larger than the other quarters presented, other than June 30, 2022, primarily driven by share-based compensation recognized of \$1,251,177.

Results of Operations

For the six months ended June 30, 2022

During the six months ended June 30, 2022, the Company reported a net loss of \$75,882 and a loss per share of \$nil (2021 – loss of \$240,520 and a loss per share of \$nil).

	June 30, 2022	June 30, 2021
	\$	\$
EXPENSES		
Professional fees	115,816	106,516
Salaries	68,557	-
Director's fees	9,996	-
Office expenses	1,536	1,036
General and administrative expenses	125,484	125,441
Finance cost	4,527	6,103
Foreign exchange loss	19,714	856
Other Income	(87,168)	-
Fair value adjustment on warrant liability	(325,734)	-
Share based compensation	143,154	568
NET AND COMPREHENSIVE INCOME (LOSS)	(75,882)	(240,520)

The net loss for the six months ended June 30, 2022, decreased compared with the six months ended June 30, 2021. The decrease was largely attributable to the fair value adjustment (gain) on warrant liability of

\$325,734 and other income of \$87,168 recognized during the period ended June 30, 2022 . This was partly offset by an increase in share-based compensation of \$142,586. Furthermore, salaries have also increased to \$68,557 due to the increase in the activity of the Company.

For the three months period ended June 30, 2022

During the three months ended June 30, 2022, the Company reported net income of \$27,581 and earnings per share of \$nil (2021 – loss of \$132,234 and a loss per share of \$nil).

	June 30, 2022	June 30, 2021
	\$	\$
EXPENSES		
Professional fees	80,417	61,507
Salaries	33,728	-
Director’s fees	4,998	-
Office expenses	816	57
General and administrative expenses	82,021	68,219
Finance cost	2,326	1,883
Foreign exchange loss	22,213	-
Other Income	-	-
Fair value adjustment on warrant liability	(325,734)	-
Share based compensation	71,634	568
NET AND COMPREHENSIVE INCOME (LOSS)	27,581	(132,234)

During the three months period ended June 30, 2022, the net income was \$27,581 compared to a net loss of \$132,234 for the three-month period ended June 30, 2021. The income for the period, and change from prior period, was largely attributable to the fair value adjustment (gain) on warrant liability of \$325,734 recognized during the period ended June 30, 2022. This was partly offset by an increase in share-based compensation of \$71,006 from \$568 in the three months ended June 30, 2021 and an increase in salaries charged of \$33,728 arising from the increase in the activity of the Company.

Overall, results in every quarter have been affected by the non-cash items such as the share-based compensation, fair value adjustment on warrants liability and the foreign exchange.

Cash flows:

The following table summarizes Alpha's cash flows for the six months ended, and cash on hand as at, June 30, 2022 and 2021:

	Six Months Ended	
	June 30, 2022	June 30, 2021
	(\$)	(\$)
Cash, end of period	451,284	1,120,838
Cash used in operating activities	(362,988)	(1,051,464)
Cash used in investing activities	(1,188,269)	(1,149,623)
Cash received from financing activities	1,107,733	2,776,095

As at June 30, 2022, Alpha had a cash position of \$451,284 and net working capital deficit of \$164,247 compared to cash position of \$894,808 and net working capital surplus of \$167,953 as at December 31, 2021.

Alpha regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. Alpha's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they become due.

Contractual Obligations

Alpha had no contractual obligations as at June 30, 2022.

Off-balance sheet arrangements

Alpha had no off-balance sheet arrangements as at June 30, 2022.

Transactions with Related Parties

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange value, which is the amount of consideration established and agreed to by the related parties. Details of transactions between Alpha and other related parties, other than transactions between Alpha and its subsidiaries that are related parties of Alpha, which have been eliminated on consolidation, are disclosed below.

During the six months ended June 30, 2022, and twelve months ended December 31, 2021, the related party balances were as follows. The amounts noted below are included in the Company's accounts payable and loan from related party balances.

	June 30, 2022	December 31, 2021
	\$	\$
Hemera Capital Management, Cayman – common owner	-	50,000
Colonnade Mining Group Eritrea Ltd, Eritrea – common owner	1,243	121,654
Frontier Equipment Supplies DMCC, UAE – common owner	41,481	11,040
Alpha Discovery Holding, BVI – common owner	-	80,265
Alasdair Smith - CEO of Alpha Exploration Eritrea Ltd.	10,903	14,137
Total	53,627	277,096

Subsequent Events

On July 28, 2022, the Company appointed Francisco Del Castillo, CPA, CA, as Chief Financial Officer of the Company. Mr. Del Castillo will assume responsibility from Chris van der Westhuyzen with immediate effect. Mr. van der Westhuyzen will remain a director of Alpha.

On August 2, 2022, the Company announced a non-brokered private placement financing of units ("Units") at a price of C\$0.70 per Unit (the "Offering Price"), for aggregate gross proceeds of up to CAD\$3,600,000 million and a maximum of 5,142,857 Units (the "Private Placement"). Each Unit is comprised of one ordinary share (each, a "Share") of the Company and one whole ordinary share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one additional Share (a "Warrant Share") at an exercise price of \$1.05 per Warrant Share (the "Exercise Price") for a period of 24 months immediately following the Closing Date. In connection with the Private Placement, Alpha may pay certain arm's length parties a cash finder's fee payment equal to up to 6.0% of the Units that are sold to subscribers introduced by such parties.

Critical Accounting Estimates

Precious and other metals exploration requires management to make certain estimates, judgements and assumptions that affect the reported amount of assets and liabilities, and the reported amounts of expenses. Actual outcomes could differ from these estimates. This MD&A and Alpha's financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout this MD&A and Alpha's consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As further described in Note 3 to Alpha's audited annual financial statements for the year-ended December 31, 2021, significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting dates, that could result in a material adjustment to the carrying amount of assets and liabilities, in the events that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

- the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable.
- the measurement of deferred income tax assets and liabilities; and
- the inputs used in accounting for share-based payments.

Significant accounting judgments

- the determination of categories of financial assets and financial liabilities; and
- the evaluation of Alpha's ability to continue as a going concern.

Functional Currency

Management uses the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. The functional currency of Alpha and its Eritrean subsidiary is the US dollar.

Recoverability of Exploration and Evaluation Assets

Management is required to assess exploration and evaluation assets for impairment. As part of this assessment, management has carried out an assessment whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance. The recoverability of exploration and evaluation assets is dependent on a number of factors common to the natural resource sector. These include the extent to which Alpha can continue to renew its exploration and future development licenses with local authorities, establish economically recoverable reserves on its properties, the availability of Alpha to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. Alpha will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization.

Key Sources of Estimation Uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Changes in Accounting Policies

There have been no changes in accounting policies during the six months ended June 30, 2022.

Outlook

Alpha is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry as well as global economic and gold price volatility. There is no assurance that Alpha's funding initiatives will continue to be successful to fund its planned exploration activities, which are focused on the Kerkasha Project. Please refer to the "Risks and Uncertainties" section of this MD&A and the section entitled "Risk Factors" in the Circular for a more fulsome discussion of the factors that could cause Alpha's actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements.

Outstanding Share Data

As at the date of the Management Discussion and Discussion Report Alpha's issued common shares, preferred shares, and stock options and warrants that are convertible into common shares are shown below:

	Number
Issued and outstanding common shares	55,795,519
Issued and outstanding preferred shares	15,286,159
Share Warrants with a weighted average exercise price of CAD\$1.29	3,780,856
Performance warrants with a weighted average exercise price of CAD\$0.032	6,862,056
Share Options with a weighted average exercise price of CAD\$0.65	750,000
Total	82,474,590

Risks and Uncertainties

Alpha is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The recovery of the Company's investment in exploration and evaluation assets and the attainment of profitable operations are dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production.
- b) The most likely source of future funds for further acquisitions and exploration programs undertaken by the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another interested party carrying out further exploration or development. If such exploration programs are successful, the development of economic ore bodies and commencement of commercial production may require future equity financings by the Company which are likely to result in substantial dilution to the holdings of existing shareholders.
- c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

- d) The prices of metals greatly affect the value of and the potential value of its exploration and evaluation assets. This, in turn greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.
- e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.
- f) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.
- g) Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by such undetected defects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward-looking statement. The development and exploration activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

For further discussion related to risks and uncertainties, please refer to the section entitled “*Risk Factors*” in the Company's Final Prospectus available on SEDAR at www.sedar.com.

Accounting Standards Issued But Not Yet Effective

Amendments to IAS 16 Property, Plant and Equipment

With the amendments to IAS 16 Property, Plant and Equipment, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. The Company will therefore need to distinguish between the costs associated with producing and selling items before the item of property, plant and equipment (pre-production revenue) is available for use and the costs associated with making the item of property, plant and equipment available for its intended use. For the sale of items that are not part of a Company's ordinary activities, the amendments will require the Company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of loss and comprehensive loss. These amendments will have an impact on the Company's financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2022.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an

allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

Disclosure Controls And Procedures And Internal Controls Over Financial Reporting

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the six months ended June 30, 2022, and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.