
ALPHA EXPLORATION LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2023

ALPHA EXPLORATION LTD. MANAGEMENT'S DISCUSSION & ANALYSIS

The following is Management's Discussion and Analysis ("MD&A") of Alpha Exploration Ltd. ("Alpha" or "the Company") is for the six months ended June 30, 2023 and is dated August 9, 2023. This MD&A contains highlights of the results of operations and financial condition and provides material updates to the operations, financial condition, liquidity and capital resources of the Company.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the six months ended June 30, 2023 and the audited consolidated financial statements for the year ended December 31, 2022, with the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in United States dollars unless otherwise indicated.

Description of Business

Alpha is a publicly traded company incorporated under the *BVI Business Companies Act*, (No. 16 of 2004) (the "**BVI Act**"). The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and trade under the symbol ALEX.

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 licenses 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 has a single, large exploration license in Eritrea covering 771km² known as the Kerkasha Project. This License covers four historical colonial gold mines, six artisanal gold mining areas as well as ten new Prospects discovered by Alpha.

Alpha's current activities consist solely of mineral exploration. The Company is considered to be in the exploration stage and no revenue is currently generated from operational activities.

Alpha has one subsidiary, Alpha Exploration Eritrea Limited, an Eritrean corporation incorporated on February 5, 2018, under the laws of Eritrea ("**Alpha Eritrea**"). Alpha Eritrea currently holds the rights to the Kerkasha Project (as defined below).

Alpha's primary focus to date has been the Kerkasha project located 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 three (3) 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

During the previous 6 months, Alpha completed the following significant programs and reports:

Aburna Orogenic Gold Prospect:

The Aburna orogenic gold Prospect is located in the west of the Kerkasha Exploration License and has the historic Aburna Colonial Gold Mine as part of it.

Early reconnaissance mapping and rock chip sampling in 2020 and soil sampling in 2021 by Alpha staff, identified a large area of gold mineralisation measuring approximately 6 km by 2km, extending northeast from the Aburna Gold Mine. As a follow-up on this work, Alpha staff took traverse, channel and trench samples in 2021 across the interpreted strike of the mineralisation at select Sub Areas in the Prospect. This work returned very significant results for gold.

During 2022, Alpha carried out two phases of drilling at Aburna comprising 38 reverse-circulation drill holes (4,315 m) and 5 diamond drill holes (881.10m). The drilling was focused on testing areas beneath the best trench, channel and traverse results for gold at the Saddle Workings, Hill 52, Central, Northeast and Celebration Hill Sub Areas. A summary of the best drill results from the Sub Areas in 2022 can be seen in Table 1.

Table 1: Summary of best gold Intervals from ABR001-ABR038 & ABD001-005

Target Sub Area	Total Holes	Hole	From (m)	To (m)	Interval (m)	Au (g/t)
Hill-52 Area	5 x DD Holes (881.1m)	ABD001	66	72	6.00	6.11
Hill-52 Area		ABD001	89	109	20.00	7.70
Hill-52 Area	17 x RC Holes (1,986)	ABR005	6	21	15.00	5.85
Hill-52 Area		ABR018	50	68	18.00	5.47
Northeast Area	4 x RC Holes (432m)	ABR037	14	30	16.00	14.07
Celebration Hill Area	9 x RC Holes (1,095m)	ABR008	49	59	10.00	5.24
Celebration Hill Area		ABR027	129	149	20.00	1.69
Central Area	6 x RC Holes (659m)	ABR034	101	125	24.00	1.43

Parameters for Table 1	
1	Using minimum 0.50 g/t to start & finish an interval
2	Maximum dilution interval ($\leq 0.2\text{g/t Au}$) = 2m
3	interval $\geq 1\text{m}$ is reported
4	Interval must be > 3.00 with Au gms x meters

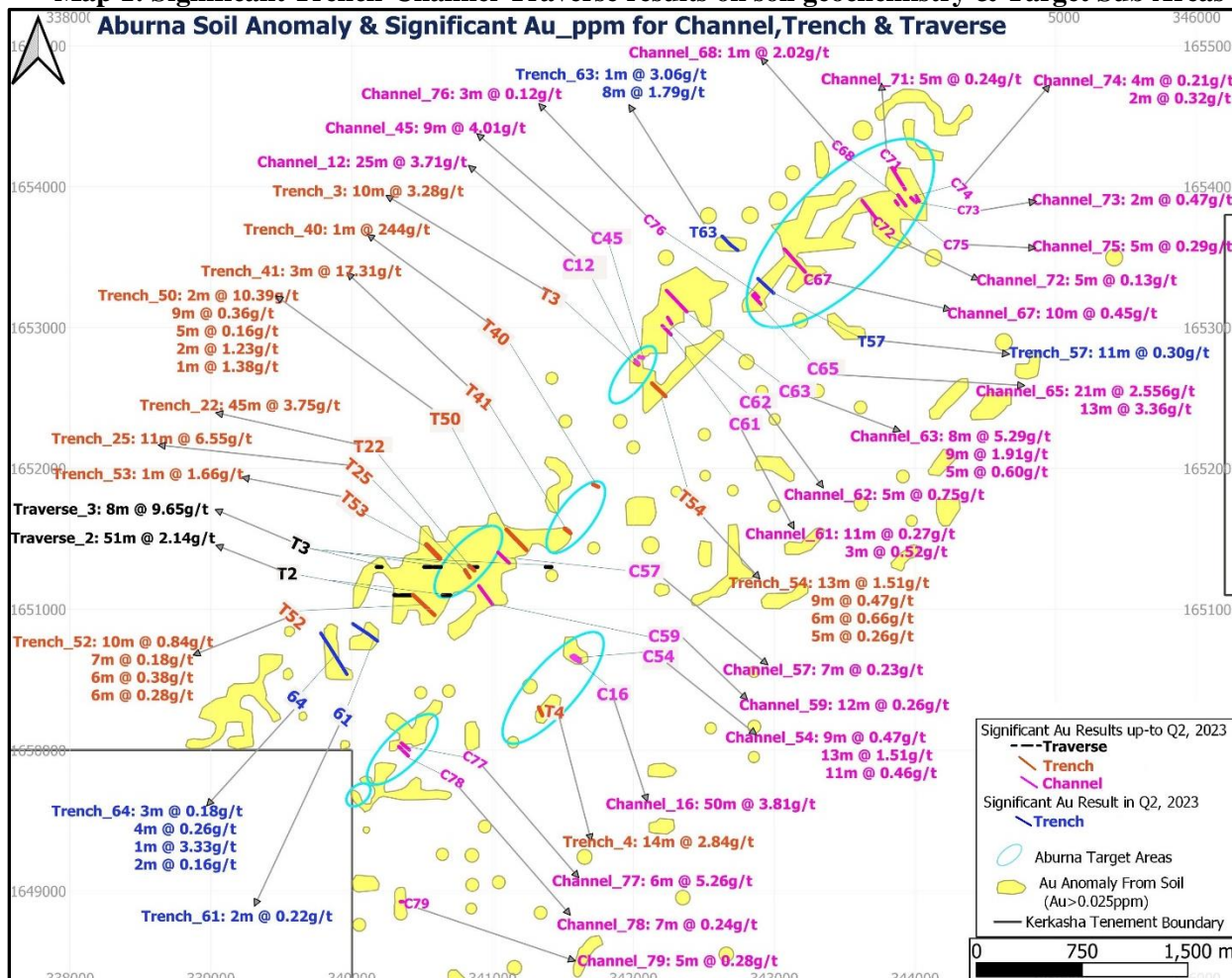
Later in 2022, Alpha carried out a 100m x 100m soil sampling program (202 samples) to test for northeast and southwest strike extensions to the existing 6 x 2 km long gold in soil anomaly at Aburna. Assay results extended the Aburna gold in soil anomaly to 7.2 x 2.2 kms (see Maps 1 & 2).

From December 2022 – February 2023, Alpha carried out further trench and channel sampling to identify the true width to some of the gold mineralisation at surface within the 7.2 x 2.2 kms gold in soil anomaly at Aburna and to identify further targets for drill testing. Alpha issued a press release on the 21 March 2023 announcing significant assay results from this work. The results identified areas for drill testing northeast and southeast of the current drilling at Northeast Target Sub Area and west and southeast of the current drilling at the Hill 52 Target Sub Area. Trenching continued with trenches ABTRCH055 – 075 until the end of June 2023. Assays for trenches ABTRCH055 -061 and 063 – 064, were received by June 30, 2023 and are summarised in Table 2 and Map 1. The remaining assays are expected in Q3 2023.

Table 2: Summary of best gold Intervals from trenches ABTRCH055 – 064

Trench	Sample	Sample Type	Easting (UTM)	Northing (UTM)	Interval (m)	Au (g/t)
ABTRCH057	620304	Trench	342940.7618	1653294.222	11	0.30
ABTRCH063	621623	Trench	342688.6539	1653587.516	1	3.06
ABTRCH063	621644	Trench	342702.3948	1653577.337	8	1.79
ABTRCH064	621802	Trench	339825.324	1650759.732	3	0.18
ABTRCH064	621902	Trench	339874.5522	1650682.016	4	0.26
ABTRCH064	621923	Trench	339884.6072	1650665.894	1	3.33

Map 1: Significant Trench-Channel-Traversal results on soil geochemistry & Target Sub Areas



A further Reverse Circulation (RC) drilling program started at Aburna in late February 2023 and to June 30, 2023, a total of 48 Reverse Circulation drill holes (ABR039 – 082 with hole extensions to ABR018, ABR031, ABR032 and ABR034) for 6,088 meters had been completed (Map 2). Alpha issued a press release on May 24, 2023, with significant assay results from the RC drilling to date (extensions to ABR018, ABR031, ABR032, ABR034 and holes ABR039 – 069). Results for a further 8 RC holes (ABR070 – 077) have now been received and significant results are given in Table 3. Assays for the remaining RC holes are expected in Q3 2023.

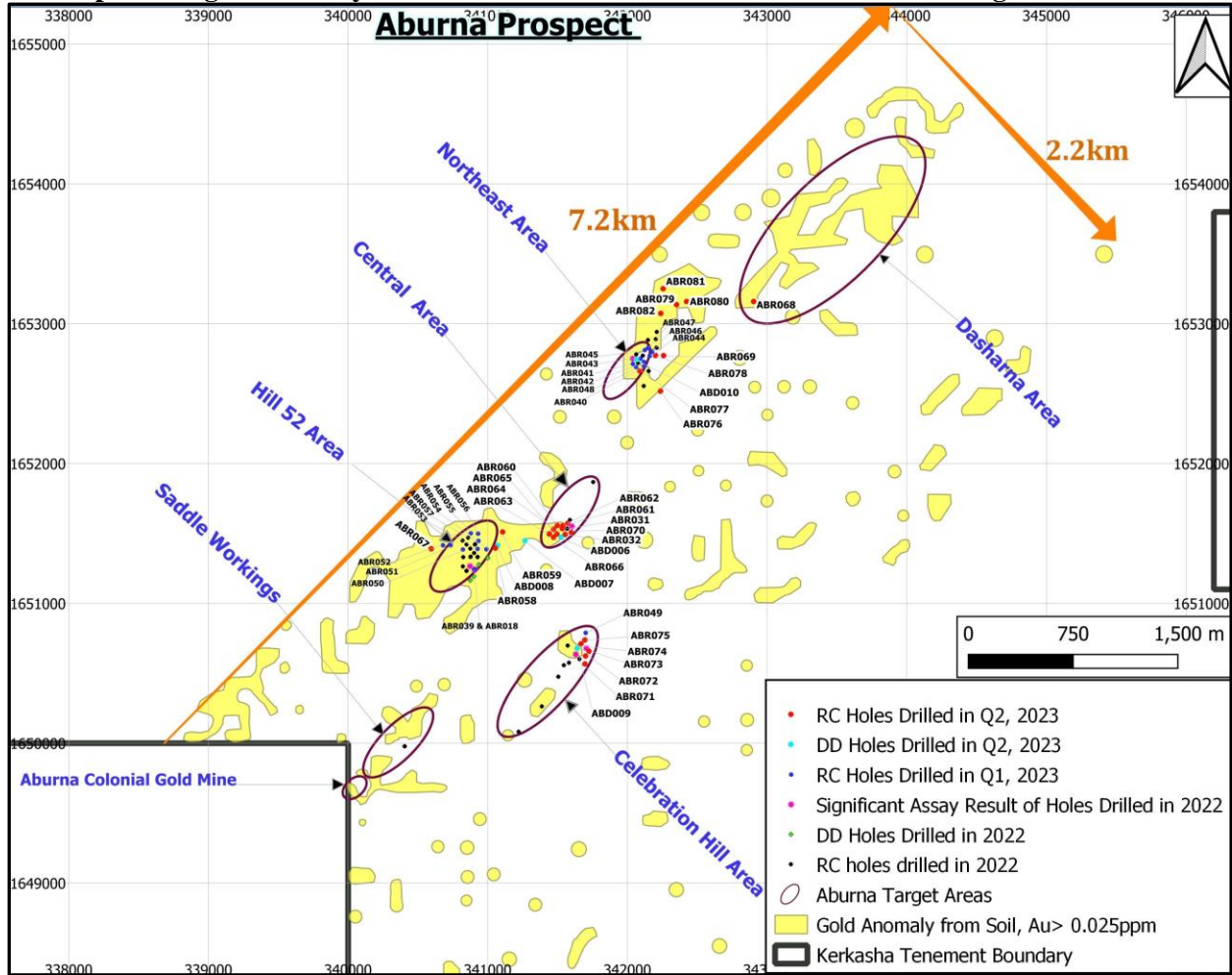
Table 3: Summary of best gold Intervals from ABR070 -077

Target Sub Area	Hole	From (m)	To (m)	Interval (m)	Au (g/t)
Central Area	ABR070	57	58	1	2.03
Central Area	ABR070	64	69	5	1.52
Central Area	ABR070	131	134	3	1.00
Central Area	ABR070	143	148	5	0.62
Northeast Area	ABR077	1	8	7	0.89

Parameters for Table 3	
1.00	Using minimum 0.20 g/t to start & finish an interval
2.00	Maximum dilution interval ($\leq 0.2\text{g/t Au}$) = 2m
3.00	interval must be $\geq 1\text{g/t}$ over 1m
4.00	Interval must be $> 2.00\text{ Au gms x meters}$ to be reported

A total of 5 Diamond drill holes (ABD006 – 010) for 809.40m were also completed at Aburna in June 2023. Assay results for all 5 Diamond holes are pending and expected in Q3 2023.

Map 2: Soil geochemistry for Au at Aburna with drill hole locations and Target Sub Areas



During February-March 2023, a program of lithological and structural mapping was carried out at Aburna by an independent Consultant (Canada). The mapping was designed to cover the Prospect area and identify the controlling structures, lithologies and alteration associated with gold mineralisation at Aburna. A total of 82 rock chip samples were collected as part of the mapping program. The program was successfully completed and a final report with conclusions and recommendations was delivered to Alpha in April 2023. A summary of the most significant rock chip assay results is given in Table 4 below.

Table 4: Summary of best rock chip assay results for Au from mapping at Aburna – Q1 2023

Prospect	Sample	Sample Type	Easting (UTM)	Northing (UTM)	Sample Description	Au (g/t)
Aburna	620009	Rock Chip	342436	1653267	Fe rich quartz vein 1% pyrite	4.75
Aburna	620050	Rock Chip	340670	1650835	Milky quartz vein.	4.32
Aburna	620066	Rock Chip	342724	1653635	Fe rich quartz vein 2% pyrite	7.88

During Q2 2023, Alpha used independent contractors to carry out a differential GPS survey of all drill hole collars at Aburna completed to date, in preparation for use in a future resource definition and estimation program. A report on this program was delivered to Alpha on June 29, 2023.

From March 21 – June 9, 2023, Alpha carried out a ground magnetic survey over the Aburna Prospect, in order to better understand the structural and lithological controls to mineralisation at depth. The survey was supervised by Southern Geoscience Consultants (SGC – Australia) and a report on the interpretation of the ground magnetic data with conclusions and recommendations is expected from SGC in Q3 2023.

From June 2 – July 19, 2023, Alpha contracted TMC Géophysique (Canada) to conduct an Induced Polarisation (IP) survey over the Aburna Prospect, in order to better understand the disseminated sulphide controls to mineralisation at depth. The survey was supervised by Southern Geoscience Consultants (SGC - Australia) and a report on the interpretation of the ground magnetic data with conclusions and recommendations is expected from SGC in Q3 2023.

Anagulu Gold-Copper Porphyry Prospect:

Anagulu Gold-Copper Porphyry Prospect is in the southwest of the Kerkasha license and was discovered by Alpha geologists while completing regional soil sampling and reconnaissance prospecting in 2018-2019. The Prospect is defined by a large northeast-southwest oriented gold and copper anomaly (soils and rock chips) measuring approximately 2 km in length and 0.75 km in width, where outcrops with copper oxide staining are observed.

Early reconnaissance drilling at Anagulu in 2020 revealed strong gold and copper mineralisation; the discovery diamond drill hole (AND001) in the northeast part of the Prospect reported a 49m intersection averaging 2.42 g/t gold, 1.10 % copper and 6.83 g/t silver.

In early 2020, Alpha contracted TMC (Canada) to carry out an Induced Polarisation (“IP”) geophysical survey at Anagulu. The survey data was interpreted by Southern Geoscience (SGC - Australia) and identified five (5) anomalous areas that warranted follow up exploration.

During 2021, Alpha contracted TMC to carry out a close-spaced detailed Induced Polarisation (“IP”) geophysical survey at Anagulu. The survey data was interpreted by SGC and identified a deep chargeability anomaly in the southwest of the Prospect, immediately west of the 2 x 0.75km gold and copper anomaly (soils and rock chips). This led to a theory that the anomaly could represent a porphyry system at depth that was a ‘feeder’ for all the mineralisation seen at surface and in the existing drilling. As a consequence, Alpha completed a detailed soil sample survey west of the current Anagulu 2 x 0.75km gold and copper in soil anomaly, to see if there were signs of copper and gold mineralisation at surface in this area also. Laboratory analysis of the 42 soil and 21 rock chip samples has been deferred until Q3 2023.

In early 2022 Alpha carried out a program of remapping of the Anagulu Gold-Copper Porphyry Prospect at 1:1,000 scale, focusing on identifying the host rock described as a quartz-eye diorite. Based on the results of the remapping program, Alpha carried out a program of trench sampling from February 3 - March 6, 2023, taking 1,289 samples over areas considered prospective for mineralisation (quartz-eye diorite with elevated copper in soil sampling) in the southwest of the Prospect. Assays from the trenching program confirmed there were elevated levels of copper in the southwest over approximately 1.5kms of strike that warranted follow-up exploration and drill testing in 2023.

In July 2022, Alpha drill tested the deep (~200–500m) chargeability anomaly (referred to above) in the southwest of the Anagulu Prospect with one diamond tail hole of 311.2 m), deepening existing RC hole ANR045 (which had been stopped at 240 m deep). The strong chargeability anomaly is also coincident with elevated copper, gold, and molybdenum in previous drillholes in this area. Assay results for gold, copper and molybdenum have been received from the "diamond tail" of ABRD045 and show broad zones of low-level copper mineralisation and elevated molybdenum near the end of the hole. Alpha believes that this drill hole has not (as hoped) found the source of the broad zones of copper and gold mineralisation identified at

Anagulu at surface and in previous drilling and will focus the next drill program at Aburna on testing to depth the 1.5kms of anomalous copper in trenches in the southwest of the Prospect.

There was no exploration carried out over the Anagulu Prospect in Q1 & Q2 2023, as Alpha focused its resources on the Aburna Prospect during this period.

Tolegimja Copper-Zinc-Gold Volcanogenic- Massive–Sulphide (“VMS”) Prospect:

Tolegimja is a VMS Prospect located in the northeast of the Kerkasha license. Prominent gossan outcrops were discovered by Alpha geologists while completing regional soil sampling and reconnaissance prospecting in 2018.

The gossans at Tolegimja are spatially associated with surface geochemical (soil and rock chip) anomalies for copper and zinc as well as an IP chargeability anomaly.

In early 2022, Alpha carried out a reverse circulation drill program at the Tolegimja. The drilling comprised 9 holes (TLR001 – 009) for a total of 1,862m and was focused on testing the geophysical and geochemical anomalies related to gossan and rhyolite outcrops which Alpha believes could represent VMS mineralisation at depth. Significant assays results are summarized in Table 5:

Table 5: Summary of best Cu-Zn-Au Intervals from TLR001-009

Hole	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

During July 2022, Alpha completed a single diamond drill hole (TLD001) to 400m depth at Tolegimja. The hole was designed to test to depth an IP (chargeability) anomaly that was on strike approximately 550m to the southwest of the massive sulphide intervals returned from reverse-circulation drill holes TLR003 & TLR009 in the previous drill program. Assay results for TLD001 were received in August 2022 and there were no significant results.

There was no exploration carried out over the Tolegimja Prospect in Q1 & Q2 2023, as Alpha focused its resources on the Aburna Prospect during this period.

Kona Gold-Copper Porphyry Prospect:

Kona is a Porphyry-Copper Gold Prospect in the north-central area of the Kerkasha license and was discovered by Alpha geologists while completing regional soil sampling and reconnaissance prospecting. In early 2022, Alpha carried out a reverse-circulation drill program at Kona West targeting a sub-horizontal IP (chargeability) anomaly underlying copper anomalies in both soil and rock-chip samples at surface. The drilling comprised 2 holes (KNR011 – 012) for a total of 168m. 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.

During July 2022, Alpha completed a single diamond drill hole ‘tail’ (168m) to reverse-circulation drill hole KNR011 (96m), to test the sub-horizontal chargeability anomaly to depth. Assay results were received for the diamond tail in Q3 2022 and there were no significant results.

There was no exploration carried out over the Kona Prospect in Q1 & Q2 2023, as Alpha focused its resources on the Aburna Prospect during this period.

Other Prospects:

Alpha Geologists have identified many other Prospects on the large Kerkasha license including 3 Colonial Gold Mines and 6 Areas of Artisanal mining. In some cases, initial sampling of some Prospects has taken place (e.g. Tolefafa, Dase and Shahate) with assays expected in Q3 2023.

Regional exploration:

During Q2 2023, Alpha used independent contractors to carry out a differential GPS survey of all drill hole collars at Kerkasha completed to date (Aburna, Anagulu, Toleginja, Kona, Kosolda and Asheshi Prospects). A report on this program was delivered to Alpha on June 29, 2023.

Exploration and Development Expenditures

Mineral exploration expenditures with respect to the Kerkasha Project form a significant portion of Alpha’s expenditures the six months ended June 30, 2023 and the year ended December 31, 2022 were as follows:

	June 30, 2023	December 31, 2022
	\$	\$
Opening balance	9,675,511	7,381,258
Exploration costs:		
Drilling	255,689	557,885
Assays	124,436	267,786
Surveys	4,000	90
Technical services	167,018	118,518
Exploration licenses and fees	12,042	12,169
Labour cost	272,859	710,029
Share-based compensation	216,189	76,223
Consumable spare parts and supplies	209,376	180,520
Other direct expenses	242,343	297,510
Depreciation expenses	31,977	73,523
Sub total	1,535,929	2,294,253
Ending balance	11,211,440	9,675,511

Summary of Quarterly Results

The following is selected financial data from the Company's quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended June 30, 2023:

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Three months ended	\$	\$	\$	\$
Revenues	-	-	-	-
Net and Comprehensive income / (loss) for the period	(1,668,795)	(270,191)	(295,738)	(16,585)
Net income (loss) per share (basic and diluted) ⁽¹⁾⁽²⁾	(0.03)	(0.00)	(0.01)	(0.00)

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Three months ended	\$	\$	\$	\$
Revenues	-	-	-	-
Net and Comprehensive income / (loss) for the period	27,581	(103,463)	(422,055)	(113,162)
Net income (loss) per share (basic and diluted) ⁽¹⁾⁽²⁾	0.00	(0.00)	(0.01)	(0.00)

⁽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, 2023 included share-based compensation of \$271,460, professional fees of \$106,572, salaries of \$60,475, general and administrative expenses of \$68,415 driven by travelling and attendance of conferences and a fair value adjustment loss arising from the revaluation of warrant liabilities of \$1,172,226.

The quarter ended March 31, 2023 included salaries of \$59,513, professional fees of \$43,936, general and administrative expenses of \$75,978 driven by travelling and attendance of conferences and a fair value adjustment loss arising from the revaluation of warrant liabilities of \$91,375.

The quarter ended December 31, 2022 included professional fees of \$56,115, salaries of \$44,573, general and administrative expenses of \$37,843 driven by travelling and attendance of conferences and a fair value adjustment loss arising from the revaluation of warrant liabilities of \$150,815.

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, partially 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. These costs were partly offset by a fair value adjustment gain arising from the revaluation of warrant liabilities of \$89,663.

Results of Operations

For the three months June 30, 2023

During the three months ended June 30, 2023, the Company reported net loss of \$1,668,795 and loss per share of \$0.03 (2022 – net income of \$27,581 and a loss per share of \$0.00).

	June 30, 2023	June 30, 2022
	\$	\$
EXPENSES		
Professional fees	106,572	80,417
Salaries	60,475	33,728
Director's fees	5,000	4,998
Office expenses	-	816
General and administrative expenses	68,415	81,978
Finance cost	2,844	2,326
Share-based compensation	271,460	71,634
Foreign exchange loss / (gain)	(3,158)	22,256
Loss / (gain) on fair value adjustment on warrant liability	1,172,226	(325,734)
Interest expense	349	-
Other income	(15,388)	-
NET AND COMPREHENSIVE INCOME (LOSS)	(1,668,795)	27,581

The net loss for the three months ended June 30, 2023, increased compared with the three months ended June 30, 2022. The increase was largely attributable to an increase in the fair value adjustment loss on warrant liability of \$1,497,960, an increase in share-based compensation of \$199,826, an increase in general and administrative expenses of \$13,563 and an increase in salaries of \$26,747.

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.

For the six months June 30, 2023

During the six months ended June 30, 2023, the Company reported net loss of \$1,938,986 and loss per share of \$0.03 (2022 – net loss of \$75,882 and a loss per share of \$0.00).

	June 30, 2023	June 30, 2022
	\$	\$
EXPENSES		
Professional fees	150,508	115,816
Salaries	119,988	68,557
Director's fees	10,000	9,996
Office expenses	1,048	1,536
General and administrative expenses	144,393	125,484
Finance cost	4,208	4,527
Share-based compensation	284,206	143,154
Foreign exchange loss / (gain)	(31,539)	19,714
Loss / (gain) on fair value adjustment on warrant liability	1,263,601	(325,734)
Interest expense	7,961	-
Other income	(15,388)	(87,168)
NET AND COMPREHENSIVE LOSS	(1,938,986)	(75,882)

The net loss for the six months ended June 30, 2023, increased compared with the six months ended June 30, 2022. The increase was largely attributable to an increase in the fair value adjustment loss on warrant liability of \$1,589,335, an increase in share-based compensation of \$141,052, an increase in salaries of \$51,431 and an increase in foreign exchange gain of \$51,253.

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, 2023 and 2022:

	Six Months Ended June 30,	
	2023	2022
	(\$)	(\$)
Cash, end of period	1,932,961	451,284
Cash used in operating activities	(463,338)	(318,412)
Cash used in investing activities	(1,030,030)	(1,188,269)
Cash provided by financing activities	3,325,865	1,063,157

As at June 30, 2023, Alpha had a cash position of \$1,932,961 and net working capital of \$1,429,883 compared to cash position of \$100,464 and net working capital deficiency of \$209,155 as at December 31, 2022.

On January 31, 2023, the Company entered into a loan agreement with Astor Management AG, whereby the Company received CAD\$200,000. The loan bears interest at the rate of 8% per annum.

On April 6, 2023, the Company issued 4,773,214 units at CAD\$0.70 per unit for gross proceeds of CAD\$3,341,250 (\$2,479,040 USD equivalent) pursuant to the first tranche of a private placement. Each unit consists of one common share and one share purchase warrant exercisable at CAD\$1.05 per common share for a period of 24 months. In connection with the private placement, the Company paid a cash finder's fee payment equal to 6% on a proportion of the units issued. Part of the gross proceeds was paid by settling the balance of the loan with Astor Management AG along with accrued interest.

On May 4, 2023, the Company issued 1,993,075 units at CAD\$0.70 per unit for gross proceeds of CAD\$1,395,153 (\$1,028,418 USD equivalent) pursuant to the second tranche of a private placement. Each unit consists of one common share and one share purchase warrant exercisable at CAD\$1.05 per common share for a period of 24 months. In connection with the two tranches of the private placement, Alpha incurred total cash share issue costs of \$181,593.

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.

The cash of \$463,338 used in operating activities consisted of the net loss of \$1,938,986 and a net change in working capital items of \$72,159 partially offset by a net change in non-cash items of \$1,547,807.

The cash of \$1,030,030 used in investing activities consisted of exploration and evaluation expenditures on the Kerkasha Project properties of \$1,022,145 and purchase of equipment of \$10,460, partially offset by disposal of equipment of \$2,575.

Contractual Obligations

Alpha had no contractual obligations as at June 30, 2023.

Off-balance sheet arrangements

Alpha had no off-balance sheet arrangements as at June 30, 2023.

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.

At June 30, 2023 and December 31, 2022, the related party balances were as follows:

	June 30, 2023	December 31, 2022
	\$	\$
Hemera Capital Management, Cayman – common owner	-	6,000
Colonnade Mining Group Eritrea Ltd, Eritrea – common owner	174	780
Frontier Equipment Supplies DMCC, UAE – common owner	103,182	14,375
Michael Hopley - CEO	-	23,815
Anna Nydegger - Director	5,000	5,000
Alpha Discovery Holding, BVI – common owner	-	80,265
Alasdair Smith - CEO of Alpha Exploration Eritrea Ltd.	17,939	59,486
Total	126,295	189,721

On October 7, 2021, a shareholder, Alpha Discovery Holdings Limited provided an unsecured loan to the Company in the principal amount of CAD\$100,000 (the “Loan”). The Loan is for an 18-month term ending on April 7, 2023 and was repaid on May 1, 2023. The proceeds from the Loan were used by the Company for working capital purposes. The Loan bears interest rate of 5% per annum and is unsecured.

During the three and six months ended June 30, 2023 and 2022, the related party transactions were as follows.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Colonnade Mining Group Eritrea Ltd, Eritrea – drilling services	225,489	228,596	255,689	228,596
Hemera Capital Management, Cayman – advisory fees	6,000	6,000	12,000	12,000
Frontier Equipment Supplies DMCC, UAE - purchase	106,296	30,441	155,792	30,441

Compensation of key management personnel

Key management includes members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. The aggregate compensation paid, or payable, to key management personnel during the three and six months ended June 30, 2023 and 2022 were as follows:

	Three months ended		Six months ended	
	2023	June 30, 2022	2023	June 30, 2022
	\$	\$	\$	\$
Salaries	72,527	77,491	144,935	155,930
Benefits	3,600	3,600	12,200	12,200
Directors' fees	5,000	4,998	10,000	9,996
Accounting fees	10,582	-	20,637	-
Advisory fees	6,000	6,000	12,000	12,000
Shared-based compensation	449,839	147,987	464,017	553,705
	547,548	240,076	663,789	743,831

Note: Salaries and benefits of Mr. Alasdair Smith, which form part of salaries and benefits noted above, are capitalized to the exploration and evaluation assets in Alpha Eritrea Ltd. Accounting fees are for the current CFO. Share-based compensation for the six months ended June 30, 2023 of \$216,189 (2022 - \$482,185) was capitalized to exploration and evaluation assets.

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

On November 18, 2022, the Company appointed Denitsa Doncheva, CPA, as Chief Financial Officer of the Company. Ms. Doncheva assumed responsibility from Francisco Del Castillo with immediate effect.

Critical Accounting Estimates

Precious and other metals exploration require 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. 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.

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. There have been no changes in critical accounting estimates during the six months ended June 30, 2023.

Changes in Accounting Policies

There have been no changes in accounting policies during the six months ended June 30, 2023.

Financial Instruments and Financial Risk

The Company's financial instruments include cash, other receivables, accounts payable, warrant liability and loans and are recorded at fair value. The carrying value of these financial instruments approximates their fair values due to the relatively short periods of maturity of these instruments, with accounts payable being due on normal commercial terms.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. There have been no changes in any risk management policies since December 31, 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 of the date of this 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	65,588,314
Issued and outstanding preferred shares	15,286,159
Share Warrants with a weighted average exercise price of CAD\$1.06	10,143,978
Performance warrants with a weighted average exercise price of CAD\$0.036	6,278,992
Share Options with a weighted average exercise price of CAD\$0.70	1,050,000
Total	98,347,443

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.

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, 2023, 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 Annual Filings on SEDAR at www.sedar.com.

Forward Looking Information

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.

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