

ALTAN RIO MINERALS LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

March 31, 2023

Index

Condensed Interim Consolidated Statements of Financial Position
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Condensed Interim Consolidated Statements of Cash Flows
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
Notes to the Condensed Interim Consolidated Financial Statements

Notice of Non-review of Condense Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

ALTAN RIO MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2023
(Expressed in Canadian Dollars) (Unaudited)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current		
Cash	\$ 596,366	\$ 127,323
Receivables (Note 5)	39,899	14,071
Prepayments	10,082	59,300
	<u>646,347</u>	<u>200,694</u>
Non-Current Assets		
Mineral properties (Note 6)	5,133,900	4,621,150
Total Assets	\$ 5,780,247	\$ 4,821,844
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	\$ 1,098,490	\$ 1,120,575
Loans and borrowings (Note 7)	345,883	313,797
Loans to related parties (Note 8)	260,268	359,921
Total Current Liabilities	1,704,641	1,794,293
Non-Current Liabilities		
Loans and borrowings (Note 7)	-	-
Total Liabilities	1,704,641	1,794,293
Shareholders' Equity (Deficiency)		
Share capital (Note 9)	24,582,064	24,167,228
Subscriptions received (Note 9)	1,016,444	181,520
Subscriptions receivable	(15,000)	(15,000)
Share premium reserve (Note 9)	2,415,624	2,415,624
Accumulated losses	(22,676,765)	(22,613,563)
Foreign exchange reserve	(1,246,761)	(1,166,939)
	<u>4,075,606</u>	<u>2,968,870</u>
Total Liabilities and Shareholders' Equity	\$ 5,780,247	\$ 4,821,844

Approved and authorized by the Board of Directors on May 30th, 2023.

<u>"Graeme Sloan"</u>	Director	<u>"John Jones"</u>	Director
Graeme Sloan		John Jones	

The accompanying notes are an integral part of these consolidated financial statements

ALTAN RIO MINERALS LIMITED**CONDESED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

AS AT MARCH 31, 2023

(Expressed in Canadian Dollars) (Unaudited)

	March 31, 2023 (Unaudited)	March 31, 2022 (Audited)
Expenses		
Advertising and promotion	(21,977)	4,305
Consulting and management fees	(8,620)	111,935
Directors' fees (Note 8)	20,387	-
Filing fees	1,575	20,106
Foreign exchange gain (loss)	-	(18)
Insurance	15,258	-
Interest expense (Note 7)	9,927	9,908
Loss on debt settlement	-	5,816
Office expense	18,854	21,104
Professional fees	35,490	8,756
Rent	12,779	14,086
Share based compensation (Note 9)	36,076	36,076
Travel and accommodation	5,767	8,892
Wages and benefits	12,199	12,124
Total expenses	<u>(137,715)</u>	<u>(253,090)</u>
Interest income	1,192	-
Net loss for the period	<u>(136,523)</u>	<u>(253,090)</u>
Other Comprehensive Income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation adjustment	(79,822)	(66,334)
Total Comprehensive loss for the period	<u>\$ (216,345)</u>	<u>\$ (319,424)</u>
Basic and diluted loss per common share	(0.0013)	(0.0025)
Basic and diluted - weighted average number of common shares outstanding	108,653,214	100,926,329

The accompanying notes are an integral part of these consolidated financial statements

ALTAN RIO MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASHFLOWS
AS AT MARCH, 2023
(Expressed in Canadian Dollars)(Unaudited)

	March 31, 2023 (Unaudited)	March 31, 2022 (Audited)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	\$ (136,523)	\$ (253,090)
Items not involving cash:		
Foreign exchange	-	66,334
Share-based compensation	36,076	124,443
Loss on debt settlement	-	5,816
Impairment of assets	-	-
Change in non-cash working capital items:		
Receivables	(26,264)	(51,150)
Prepaid expenses and deposits	289	386
Changes in fair value of warrant liability	-	-
Accounts payable and accrued liabilities	(14,322)	(27,385)
Net cash used in operating activities	(140,744)	(134,646)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets acquisition	(295,976)	(503,743)
Due to/from related parties	(96,871)	926
Net cash used in investing activities	(392,847)	(502,817)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from share issuances	-	-
Share issuance costs	-	-
Share subscriptions received	1,018,410	570,213
Repayment of loans	-	-
Loan advances received	-	-
Net cash provided by financing activities	1,018,410	570,213
Change in cash for the period	484,819	(67,250)
Impact of foreign exchange on cash	(15,776)	-
Cash, beginning of period	127,323	192,114
Cash, end of period	\$ 596,366	\$ 124,864

Supplemental cash flow disclosure (Note 11)

The accompanying notes are an integral part of these consolidated financial statements

ALTAN RIO MINERALS LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

AS AT MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

	Number of shares	Amount \$	Subscriptions Received \$	Subscriptions Receivable \$	Reserves \$	Deficit \$	Accumulated Other Comprehensive Loss \$	Total Shareholders' Equity (Deficiency) \$
Balance at December 31, 2021	99,889,294	23,154,177	336,270	(15,000)	2,003,234	(21,520,936)	(1,077,429)	2,880,314
Loss for the period	-	-	-	-	-	(1,092,626)	-	(1,092,626)
Shares issued for private placement	7,726,885	927,224	(154,750)	-	-	-	-	772,474
Share issuance costs	-	(38,617)	-	-	-	-	-	(38,617)
Shares issued for debt settlement	1,037,035	124,444	-	-	-	-	-	124,444
Share based payments	-	-	-	-	412,390	-	-	412,390
Translation adjustment	-	-	-	-	-	58,681	(89,510)	(30,829)
Balance at December 31, 2022	108,653,214	24,167,228	181,520	(15,000)	2,415,624	(22,554,882)	(1,166,939)	2,957,552
Loss for the period	-	-	-	-	-	(136,523)	-	(136,523)
Shares issued for private placement	3,076,923	183,486	834,924	-	-	-	-	1,018,410
Shares issued for debt settlement	2,372,820	231,350	-	-	-	-	-	231,350
Translation adjustment	-	-	-	-	-	14,639	(79,822)	(65,183)
Balance at March 31, 2023	114,102,957	24,582,064	1,016,444	(15,000)	2,415,624	(22,676,765)	(1,246,761)	4,075,606

The accompanying notes are an integral part of these consolidated financial statements

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Altan Rio Minerals Limited (the "Company"), a limited liability company registered in British Columbia, Canada, is a mineral exploration company listed on the TSX Venture Exchange (the "Exchange") under the symbol "AMO" and is engaged in the acquisition, exploration of mineral projects in Western Australia.

Following the approval of the Company's reactivation application the Exchange, the Company was listed as a Tier 2 issuer on the Exchange effective at the commencement of trading on October 6, 2020 (the "Reactivation"). Prior to the Reactivation, the Company had been listed on NEX under the symbol "AMO.H".

The Company's head office and registered and records office address is 1700-666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Going Concern

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

For the period ended 31 March 2023, the group incurred a net loss of \$136,523 (2022: Loss of \$253,090) and incurred net cash outflows from operating activities of \$140,744 (2022: \$134,646). The Group had a net working capital deficiency of \$1,058,295 (31 Dec 2022: \$1,593,599) trade and other payables of \$1,098,497 (31 Dec 2022: \$1,120,575) and borrowings of \$345,883 (31 Dec 2022: \$313,797) at reporting date.

The ability of the Group to continue as a going concern is dependent on the Group securing additional funding through the issue of equity or the raising of debt.

These conditions indicate a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management has prepared a cash flow forecast for a period of 12 months beyond the sign off date of this financial report and believes there are sufficient funds to meet the Group's working capital requirements. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group has a proven history of successfully raising capital;
- The Directors believe that there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities; and
- Cash spending can be reduced or slowed below its current rate if required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

2. BASIS OF PRESENTATION**Statement of compliance**

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as and measured at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements were authorized for issue by the Board of Directors on May 30th, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES**Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation. The Company’s subsidiaries are listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Altan Rio Holdings Canada Limited	Canada	100%	Holding company
Altan Rio Holdings Limited	British Virgin Islands	100%	Holding company
Altan Rio Limited	British Virgin Islands	100%	Holding company
GS Minerals Corp. Ltd.	Bermuda	100%	Holding company
BraveHeart Resources LLC	Mongolia	100%	Holding company
Altan Rio Mongolia LLC	Mongolia	100%	Project exploration
Altan Rio Minerals (Aust) Pty Ltd	Australia	100%	Project exploration

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and Altan Rio Holdings Canada Limited is the CAD dollar.

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Exploration and evaluation assets

Before legal rights to explore a property have been acquired, costs are expensed as incurred. The Company records exploration and evaluation asset interests, which consist of the right to explore for mineral deposits, at cost. The Company records deferred exploration costs, which consist of costs attributable to the exploration and evaluation asset interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these exploration and evaluation asset interests are capitalized based on specific claim blocks until the exploration and evaluation asset interests to which they relate are placed into production, the exploration and evaluation asset interests are disposed of through sale or where management has determined there to be an impairment. If an exploration and evaluation asset interest is abandoned, the exploration and evaluation asset interests and deferred exploration costs will be written off to operations in the period of abandonment.

At each reporting period, capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property. In addition to considerations in accordance with IFRS 6, management also considers the following factors in assessing impairment: 1) whether the Company's exploration programs on the exploration and evaluation asset interests have significantly changed, such that previously identified resource targets are no longer being pursued; 2) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or 3) whether remaining lease terms are insufficient to conduct necessary studies or exploration work.

The recorded cost of exploration and evaluation asset interests is based on cash paid and the assigned value of share consideration issued (where shares are issued) for exploration and evaluation asset interest acquisitions and exploration costs incurred. The recorded amount may not reflect recoverable value, as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding, and the ability of the Company to bring its projects into production.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive (loss) income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives), or the Company has opted to measure them at FVTPL.

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed through profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded through profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTOCI, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

The Company's financial assets and liabilities are classified as follows:

	Classification
Cash	Amortized cost
Receivables	Amortized cost
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Due to related parties	Amortized cost

Financial instruments measured at fair value are summarized into the following fair value hierarchy as follows:

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

The carrying values of financial liabilities approximate their fair values due to the short-term nature of these instruments.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income (loss) per share

Basic income (loss) per share is calculated using the weighted-average number of shares outstanding during the year.

Dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Existing stock options and share purchase warrants have not been included in the computation of diluted income (loss) per share as to do so would be anti-dilutive. Accordingly, basic and diluted income (loss) per share is the same for the years presented.

Share-based compensation

The Company accounts for stock options granted to directors, officers and employees at the fair value of the options granted. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured.

Future reclamation costs

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of the Company's exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditure. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as finance expense.

The Company currently does not have any significant future reclamation costs.

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Comprehensive income (loss)**

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' deficiency which results from transactions and events from sources other than the Company's shareholders. The Company's and subsidiary's translation of its financial results to United States dollars is the only item currently affecting comprehensive income (loss) for the years presented.

4. CASH AND CASH EQUIVALENTS

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand	\$ 596,366	\$ 127,323

5. RECEIVABLES

The Company's receivables are broken down as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Advances receivable	\$ 128	\$ 128
Sales tax receivable	39,771	13,943
Total	\$ 39,899	\$ 14,071

6. EXPLORATION AND EVALUATION ASSETS

	Southern Cross	Chandman-Yol	TOTAL
Balance, December 31, 2021	3,986,598	127,297	4,113,895
Exploration Costs	662,770	-	662,770
Foreign Exchange Movements	(28,218)	-	(28,218)
Exploration costs written off	-	(127,297)	(127,297)
Balance, December 31, 2022	4,621,150	-	4,621,150
Exploration Costs	571,242	-	571,242
Foreign Exchange Movements	(58,492)	-	(58,492)
Balance, December 31, 2022	5,133,900	-	5,133,900

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation assets in which the Company has committed to earn an interest are located in Western Australia.

The terms and commitments of the Company with respect to its exploration and evaluation assets are subject to change if and when the Company and its partners mutually agree to new terms and conditions.

Southern Cross is located approximately 370 kilometers east of Perth, Western Australia and Chandman-Yol is located 1,050 kilometers from the Capital City of Ulaanbaatar in Mongolia.

7. LOANS AND BORROWINGS

On September 9, 2019, the Company entered into a loan agreement with Parkwise Corp. Pty. Ltd. ("Parkwise") ATF The AKW Trust for an unsecured credit facility of \$200,000 (the "initial loan"). The loan bears interest at a rate of 12.5%, payable monthly in arrears. During the year ended December 31, 2020, the Company received an additional loan of \$100,000 (the "additional loan") and made repayments of \$100,000. The loan was repaid in full on July 22, 2021.

In connection with the Parkwise loans, the Company issued 6,000,000 common share purchase warrants to Parkwise (the "Bonus Warrants"), each Bonus Warrant entitles Parkwise to acquire one common share of the Company (each a "Bonus Warrant Share"). As at December 31, 2022, all Bonus Warrants have been exercised (Note 9.a).

On May 5, 2021, the Company entered into the Loan Agreement with Lionel Street Pty Ltd ("Lionel") pursuant to which the Company may borrow up to A\$500,000. The loan bears interest at a rate of 12.5%, payable monthly in arrears and is secured by a Promissory Note.

In connection with the execution of the Loan Agreement, Lionel advanced the Company A\$200,000 on May 5, 2021. On June 1, 2021, Lionel advanced the Company A\$150,000 in accordance with the terms of the Loan Agreement. In connection with these advances, the Company issued 2,407,248 Bonus Warrants to Lionel, each such Bonus Warrant entitling Lionel to acquire one common share of the Company (each a Bonus Warrant Share). The estimated fair value of the Bonus Warrants was determined using the Black-Scholes option pricing model (Note 9.b).

December 31, 2021	\$	450,141
Additions		-
Interest		36,224
Repayments		(36,224)
FX Adjustment		(2,239)
Finance Cost		146,309
Changes in fair value of warrant liability		(280,414)
December 31, 2022	\$	313,797
Finance Cost		36,076
Interest		9,927
Repayments		(9,927)
FX Adjustment		(3,990)
March 31, 2023		345,883

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

As at March 31, 2023, an amount of \$29,878 (2022 - \$29,878) included in advances payables is owed to John Jones, a Director of the Company.

As at March 31, 2023, an amount of \$26,929 (2022 - \$27,268) is owed to Kerry Griffin, a Director of the Company, for geological consulting services.

As at March 31, 2023, an amount of \$78,880 (2022 - \$70,263) is owed to Robert Williams, an officer of the Company, for accounting services.

As at March 31, 2023 an amount of \$28,320 (2022 - \$28,876) is owed to Surveyor Resources Pty Ltd, a company controlled by a director of the Company. The outstanding amount and repayments made during the year ended December 31, 2022 relate to the joint venture agreement between the Company's wholly owned subsidiary, Altan Rio Minerals (Aust) Pty. Ltd. and Surveyor Resources Pty Ltd (Note 7).

As at March 31, 2023 an amount of \$4,388 (2022 \$4,443) is owed to Brian Cole, a Director of the Company

As at March 31, 2023 an amount of \$177,620 (2022 \$298,208) is owed to Jones Partners Pty Ltd, a company controlled by a Director of the Company.

These transactions were incurred in the normal course of operations, on an arms length basis. The payables are non-interest bearing and due on demand.

Key Management Personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and other members of key management personnel during the three months ended March 31, 2023 are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Management and consulting fees	\$ -	\$ 113,624
Director fees	20,387	77,547
Share-based compensation	-	325,408
Total	\$ 20,387	\$ 516,579

9. SHARE CAPITAL**Authorized share capital**

There is unlimited number of common and preferred voting shares without nominal or par value.

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

9. SHARE CAPITAL (cont'd...)

Issued share capital

- a) On April 1, 2022, the company closed a non-brokered private placement of up to 16,666,666 units at a price of \$C0.12 per unit for gross aggregate proceeds of up to C\$2 million (the “offering”). Each unit consisted of one common share of the Company (each, a “Share”) and once common share purchase warrant (each, a “Warrant”), with each Warrant entitling the holder thereof to purchase one Share for a period of 36 months from closing at a price of C\$0.18 per Share. The company will be entitled, in its sole discretion, to accelerate the expiry date of the Warrants upon the occurrence of Shares trading at a VWAP of at least C\$0.25 on the TSX Venture Exchange (the “TSXV”) on ten (10) consecutive trading days. The company received applications for 7,726,885 units and subsequently closed the placement. 7,726,885 Units were issued on April 1, 2022.

Additionally, the company issued 76,800 Broker Warrens to Canaccord Genuity Financial Limited as a Finder’s Fee on the same terms as Warrants issued under the Offer. The securities underlying the Units sold in the Private Placement are subject to a statutory resale hold period under applicable Canadian securities laws which expired on August 2, 2022. The estimated fair value of the Warrants was determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, volatility of 110%, risk-free rate of 2.75%, exercise price of C\$0.20 and expected life of 4 years.

- b) In connection with the Lionel loan, the Company issued 2,407,248 share purchase warrants to Lionel (the “Bonus Warrants”) with a fair value of \$292,619. The estimated fair value of the Bonus Warrants was determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, volatility of 261.51%-369.83%, risk-free rate of 0.29% and expected life of 2 years. Each Bonus Warrant entitles Lionel to acquire one common share of the Company (each a “Bonus Warrant Share”) on the following terms and conditions:
- a) 1,363,569 Bonus Warrant Shares at \$0.135 per share with an expiry date of May 5, 2023; and
 - b) 1,043,679 Bonus Warrant Shares at \$0.13 per share with an expiry date of May 5, 2023.
- c) During the period the company issued 5,050,000 warrants to KMP, which vested immediately with a fair value of \$325,408. The estimated fair value of the Warrants was determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, volatility of 110%, risk-free rate of 2.75%, exercise price of C\$0.20 and expected life of 4 years.

Stock options

The Company established a stock option plan (the “Plan”) for directors, employees, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Plan, provided that at the time of the grant, the total number of shares so reserved for issuance by the Board shall not exceed the greater of 10% of the issued and outstanding listed shares (on a non-diluted basis) as at the date of grant. Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years.

All stock options issued are subject to vesting terms. Options issued to officers and/or consultants might be subjected to a vest term depending on date of grant and nature of service.

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(Expressed in Canadian Dollars)(Unaudited)

9. SHARE CAPITAL (cont'd...)

	Number of Options	Weighted Average Exercise Price
Outstanding options, December 31, 2021	5,700,000	\$0.12
Options Granted	5,000,000	\$0.20
Options Expired	(2,750,000)	\$0.12
Outstanding options, March 31, 2023	7,950,000	\$0.17

The estimated fair value of options granted during the year ended December 31, 2022 was determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, volatility of 234.92, risk-free rate of 110% and expected life of options of 3-4 years.

As at March 31, 2023, the following stock options were outstanding and exercisable:

Number of Stock Options	Exercise Price	Expiry Date
2,200,000	\$0.09	June 26, 2024
1,500,000	\$0.19	December 22, 2023
4,250,000	\$0.20	April 26, 2026
7,950,000		

Warrants

A summary of share purchase warrant activities is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, December 31, 2021	13,289,940	\$0.146
Granted	7,803,685	
Outstanding warrants, March 31, 2023	21,093,625	\$0.159

As at March 31, 2023, the following warrants were outstanding and exercisable:

Number of Warrants	Exercise Price	Expiry Date
10,882,692	\$0.150	October 1, 2023
1,363,569	\$0.135	May 5, 2023
1,043,679	\$0.130	May 5, 2023
7,803,685	\$0.180	April 1, 2025
21,093,625		

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2023	2022
Loss for the year	\$ (216,345)	\$ (1,092,626)
Expected income tax (recovery)	(58,803)	(300,942)
Change in statutory, foreign tax, foreign exchange and other	11,028	32,723
Permanent differences	138,000	138,000
Share issue cost	-	-
Change in unrecognized deductible temporary differences	90,225	130,219
Total income tax expense	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 92,000	No expiry date	\$ 92,000	No expiry date
Share issue costs	112,000	2040 to 2044	112,000	2040 to 2044
Non-capital losses available for future period	\$ 8,707,080	2030 to 2041	\$ 8,490,735	2030 to 2041

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. SUPPLEMENTAL CASH FLOW DISCLOSURE

The following non-cash transactions were incurred for the year ended:

	March 31, 2023	December 31, 2022
Shares issued for debt	\$ -	\$ 124,444
Exploration expenses in accounts payable	547,935	523,951
	\$ 547,935	\$ 648,395

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

12. SEGMENTED INFORMATION

The Company operates in one business segment, the exploration of exploration and evaluation assets. The Company's exploration activities are centralized whereby management of the Company is responsible for business results and the everyday decision-making.

The Company's capital assets are located in the following geographic locations:

	March 31, 2023	December 31, 2022
Exploration and evaluation assets		
Australia	\$ 5,133,900	\$ 4,621,150
	\$ 5,133,900	\$ 4,621,150

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. In the management of capital, the Company includes components of equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage, as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There were no changes to the Company's capital management approach during the year ended March 31, 2023. The Company is not subject to any externally imposed requirements.

14. FINANCIAL INSTRUMENTS

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Company's cash are held at a large Canadian financial institution in interest-bearing accounts. The Company has no investment in asset backed commercial paper. The Company's receivables consist mainly of sales tax receivable due from the Government of Canada, the Australian Taxation Office and due from related parties. The Company believes it has no significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company has cash of \$596,366 (2022 \$127,323) to settle current liabilities of \$1,704,642 (2022 \$1,794,293). As disclosed in Note 1, the Company will need to raise additional funds to meet its obligations as they come due. The Company is exposed to liquidity risk.

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

14. FINANCIAL INSTRUMENTS (cont'd...)a) *Financing arrangements*

Unused borrowing facilities at the reporting date:

	Consolidated	
	2023	2022
Loan	C\$136,005	C\$137,715
	<u>C\$136,005</u>	<u>C\$137,715</u>

The loan facility may be drawn at any time in amounts of A\$150,000, on five business days' advance written notice to the lender.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices and foreign currency fluctuations.

a) *Interest rate risk*

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

b) *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, accounts payables and accrued liabilities, loans payable, and due to/from related parties that are denominated in Canadian dollars, and Australian dollars.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	2023	2022	2023	2022
Australian dollars	<u>6,467,629</u>	<u>4,901,853</u>	<u>1,292,681</u>	<u>1,028,512</u>
	<u><u>6,467,629</u></u>	<u><u>4,901,853</u></u>	<u><u>1,292,681</u></u>	<u><u>1,028,512</u></u>

c) *Price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian Dollars)(Unaudited)

14. FINANCIAL INSTRUMENTS (cont'd...)

Sensitivity Analysis

The Company operates in Australia and Mongolia and is exposed to risk from changes in the Australian dollar as well as Canadian dollar. There is nonmaterial expenditure in Mongolia. A simultaneous 10% fluctuation in the Australian dollar against the Canadian dollar would affect accumulated other comprehensive loss for the year ended March 31, 2023 by approximately \$8,000 (2022 \$9,750).

15. COMMITMENTS AND CONTINGENCIES

As at March 31, 2023 and 2022 the consolidated group had no material commitments or contingences.

16. USE OF ESTIMATES

Critical Judgments

The preparation of the consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries has been determined as disclosed above.

Key Sources of Estimation Uncertainty

Significant estimates made by management affecting our consolidated financial statements include:

Estimation of fair value of share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using the Black-Scholes model taking into account the assumptions.

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

17. SUBSEQUENT EVENTS

On April 13, 2023 Brian Cole resigned as Director and Company Secretary.

On April 14, 2023 Nick Madders was appointed as Company Secretary