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INDEPENDENT AUDITOR'S REPORT

To the members of Altan Rio Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Altan Rio Minerals Limited (the Entity) and its subsidiaries (the Group), which comprises the consolidated statements of financial position as at 31 December 2022 and 2021, the consolidated statements of profit or loss and comprehensive loss, the consolidated statements of in shareholder changes in equity and the consolidated statement of cash flows for the years then ended, and consolidated notes to the financial report, including a summary of significant accounting policies and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 31 December 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 1 in the consolidated financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of mineral properties

Key audit matter	*How the matter was addressed in our audit*
At 31 December 2022, we note that the carrying value of mineral properties represents a significant asset to the consolidated financial statements, as disclosed in Note 6. As a result, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of mineral properties in accordance with International Financial Reporting Standard ("IFRS") 6 *Exploration for and Evaluation of Mineral Resources*. In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the Group's intention to carry out ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, public announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, mineral properties capitalised during the year for compliance with the recognition and measurement criteria of IFRS 6; • Considering whether any facts of circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 6 of the consolidated Financial Report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated Financial Report

Management is responsible for the preparation and fair presentation of the consolidated financial report in accordance with International Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of a consolidated financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial report.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Phillip Murdoch.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth,

1 May 2023

ALTAN RIO MINERALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

December 31, 2022 and 2021

Index

ALTAN RIO MINERALS LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	December 31, 2022	December 31, 2021
ASSETS		
Current		
Cash	$ 127,323	$ 192,114
Receivables (Note 5)	14,071	92,176
Prepayments	59,300	10,639
Due from related parties (Note 8)	-	-
	200,694	294,929
Non-Current Assets		
Mineral properties (Note 6)	4,621,150	4,113,895
Total Assets	**$ 4,821,844**	**$ 4,408,824**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	$ 1,120,575	$ 999,024
Loans and borrowings (Note 7)	313,797	30,363
to related parties (Note 8)	359,921	79,344
Total Current Liabilities	**1,794,293**	**1,108,731**
Non-Current Liabilities		
Loans and borrowings (Note 7)	-	419,778
Total Liabilities	**1,794,293**	**1,528,509**
Shareholders' Equity (Deficiency)		
Share capital (Note 9)	24,167,228	23,154,176
Subscriptions received (Note 9)	181,520	336,270
Subscriptions receivable	(15,000)	(15,000)
Share premium reserve (Note 9)	2,415,624	2,003,234
Accumulated losses	(22,613,563)	(21,520,937)
Foreign exchange reserve	(1,166,939)	(1,077,429)
	2,968,870	**2,880,314**
Total Liabilities and Shareholders' Equity	**$ 4,821,844**	**$ 4,408,824**

Approved and authorized by the Board of Directors on May 1st, 2023.

"Graeme Sloan" Director *"John Jones"* Director
Graeme Sloan John Jones

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. The accompanying notes form an integral part of these consolidated financial statements and the comparative information has been updated. Refer to note 2 and 7.

ALTAN RIO MINERALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDING DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	2022	2021
Expenses		
Advertising and promotion	9,095	51,040
Consulting and management fees (Note 8)	159,602	394,961
Directors' fees	77,547	69,337
Filing fees	42,391	31,272
Foreign exchange gain (loss)	4,985	705
Insurance	20,467	11,154
Interest expense (Note 7)	36,224	32,170
Loss on debt settlement	87,769	-
Office expense	67,996	110,757
Professional fees	117,565	163,126
Rent	33,701	45,851
Share based compensation (Note 8, 9)	330,347	-
Travel and accommodation	15,068	18,883
Finance Costs (Note 7)	146,309	96,204
Wages and benefits	51,844	148,876
Changes in fair value of warrant liability (Note 7)	(280,414)	-
Impairment	172,107	51,264
Total expenses	1,092,603	1,225,600
Interest income	23	2,100
Forgiven debt	-	31,391
Net loss for the year	(1,092,626)	(1,192,109)
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Translation adjustment	(89,510)	(154,020)
Total Comprehensive loss for the year	**$ (1,182,136)**	**$ (1,346,129)**
Basic and diluted loss per common share	(0.01)	(0.01)
Basic and diluted - weighted average number of common shares outstanding	106,716,543	99,889,292

ALTAN RIO MINERALS LIMITED
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEARS ENDING DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	2022	2021
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	$ (1,092,626)	$ (1,192,109)
Items not involving cash:		
Foreign exchange	-	(177,514)
Share-based compensation	558,699	96,204
Impairment of assets	172,107	-
Change in non-cash working capital items:		
Receivables	76,162	41,780
Prepaid expenses and deposits	(48,735)	34,128
Changes in fair value of warrant liability	(280,414)	-
Accounts payable and accrued liabilities	135,535	439,690
Net cash used in operating activities	(479,226)	(757,821)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets acquisition	(652,074)	(1,393,268)
Due to/from related parties	225,255	272,554
Net cash used in investing activities	(426,819)	(1,120,714)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from share issuances	676,783	865,653
Share issuance costs	-	-
Share subscriptions received	181,520	336,270
Repayment of loans	-	(80,486)
Loan advances received	-	323,575
Net cash provided by financing activities	858,303	1,445,012
Change in cash for the year	(47,742)	(433,521)
Impact of foreign exchange on cash	(17,049)	23,494
Cash, beginning of year	192,114	602,143
Cash, end of year	**$ 127,323**	**$ 192,114**

Supplemental cash flow disclosure (Note 11)

ALTAN RIO MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEAR ENDING DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	Number of shares	Amount	Subscriptions Received	Subscriptions Receivable	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity (Deficiency)
		$	$	$	$	$	$	$
Balance at December 31, 2020	**84,929,206**	**21,902,628**	**-**	**(112,500)**	**2,003,234**	**(20,328,827)**	**(923,408)**	**2,541,127**
Loss for the period	-	-	-	-	-	(1,192,109)	-	(1,192,109)
Shares issued for private placement	-	-	336,270	97,500	-	-	-	433,770
Share issuance costs	-	-	-	-	-	-	-	-
Shares issued for mineral properties	4,678,558	483,396	-	-	-	-	-	483,396
Warrants exercised	10,281,530	768,153	-	-	-	-	-	768,153
Share based payments	-	-	-	-	-	-	-	-
Shares issued for debt settlement	-	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-	(154,021)	(154,021)
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**

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 and Mongolia.

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 year ended 31 Dec 2022, the group incurred a net loss of $1,092,626 (2021: Loss of $1,192,109) and incurred net cash outflows from operating activities of $479,226 (2021: $757,821). The Group had a net working capital deficiency of $1,581,394 (31 Dec 2021: $813,802) trade and other payables of $1,120,575 (31 Dec 2021: $999,024) and borrowings of $301,592 (2021: $157,522) 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.

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.

Certain comparative amounts have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group, in particular:

- The valuation of Lionel Street warrants issued in 2021 were previously recognised through equity, this was revised to be accounted as a liability, refer to Note 7.

The consolidated financial statements were authorized for issue by the Board of Directors on May 1st, 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.

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 of 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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

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:

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

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.

(Expressed in Canadian Dollars)

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

	December 31, 2022	December 31, 2021
Cash on hand	$ 127,323	$192,114

5. RECEIVABLES

The Company's receivables are broken down as follows:

	December 31, 2022	December 31, 2021
Advances receivable	$ 128	$ 128
Sales tax receivable	13,943	29,957
Bond & occupancy costs receivable	-	62,091
Total	**$ 14,071**	**$ 92,176**

6. EXPLORATION AND EVALUATION ASSETS

	Southern Cross	Chandman-Yol	TOTAL
Balance, December 31, 2020	**2,145,064**	**92,167**	**2,237,231**
Acquisition Costs	689,336	35,130	724,466
Exploration Costs	1,255,230	-	1,255,230
Native Title	6,772	-	6,772
Legal	17,909	-	17,909
Total Costs Incurred During the Year	**1,969,247**	**35,130**	**2,004,377**
Foreign Exchange Movements	(127,713)	-	(127,713)
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**

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

(Expressed in Canadian Dollars)

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

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 and Mongolia.

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, 2020	**$**	**110,849**
Additions		323,574
Repayments		(80,486)
Finance Cost		96,204
December 31, 2021	**$**	**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**

Note: Of this $313,797 (2021: $450,141) lability $12,205 (2021: 292,619) amount relates to a warrant liability as at 31st December 2022.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

As at December 31, 2022, an amount of $29,878 (2021 - $29,878) included in advances payables is owed to John Jones, a Director of the Company.

As at December 31, 2022, an amount of $27,268 (2021 - $27,458) is owed to Kerry Griffin, a Director of the Company, for geological consulting services.

As at December 31, 2022, an amount of $70,263 (2021 - $40,473) is owed to Robert Williams, an officer of the Company, for accounting services.

As at December 31, 2022 an amount of $28,676 (2021 - $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 December 31, 2022 an amount of $4,443 (2021 nil) is owed to Brian Cole, a Director of the Company

As at December 31, 2022 an amount of $298,208 (2021 nil) 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 years ended December 31, 2022 and 2021 are as follows:

		2022		2021
Management and consulting fees	$	113,624	$	333,051
Director fees		77,547		-
Share-based compensation		325,408		-
Total	$	516,579	$	333,051

9. SHARE CAPITAL

Authorized share capital

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

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

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd…)

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 resole 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.

	Number of Options	**Weighted Average Exercise Price**
Outstanding options, December 31, 2020	5,700,000	$0.12
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, December 31, 2022	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.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd…)

As at December 31, 2022, 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, 2020	33,020,985	$0.110
Expired	(7,489,005)	
Granted	2,407,248	
Exercised	14,649,288	
Outstanding warrants, December 31, 2021	13,289,940	$0.146
Granted	7,803,685	
Outstanding warrants, December 31, 2022	**21,093,625**	$0.159

As at December 31, 2022, 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		

(Expressed in Canadian Dollars)

10. INCOME TAXES

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

		2022		**2021**
Loss for the year	$	(1,092,626)	$	(1,192,109)
Expected income tax (recovery)		(300,942)		(295,894)
Change in statutory, foreign tax, foreign exchange and other		32,723		57,377
Permanent differences		138,000		138,000
Share issue cost		-		-
Change in unrecognized deductible temporary differences		130,219		223,000
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:

		2022	Expiry Date Range		2021	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	$	8,490,735	2030 to 2041	$	7,398,109	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:

		December 31, 2022		**December 31, 2021**
Shares issued for debt	$	124,444	$	-
Shares issued for loans payable		-		-
Shares issued for amounts due to related parties		-		-
Share subscriptions applied towards debt		-		-
Debt reassigned from related party to third party		-		-
Shares issued for mineral properties		-		483,396
Exploration expenses in accounts payable		523,951		530,070
	$	648,395	$	1,013,466

(Expressed in Canadian Dollars)

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:

		December 31, 2022		December 31, 2021
Exploration and evaluation assets				
Australia	$	4,621,150	$	3,986,598
Mongolia		-		127,297
	$	**4,621,150**	**$**	**4,113,895**

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 December 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 December 31, 2022, the Company has cash of $127,323 (2021 $192,115) to settle current liabilities of $1,782,088 (2021 $1,108,731). 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.

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS (cont'd…)

a) *Financing arrangements*

Unused borrowing facilities at the reporting date:

	Consolidated 2022	2021
Loan	C$137,715	C$138,675
	C$137,715	C$138,675

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.

b) *Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,120,575	-	-	-	1,120,575
Loans and Borrowings	-	-	-	-	-	-
Other payables	-	359,921	-	-	-	359,921
Warrant Liability	-	12,205	-	-	-	12,205
Interest-bearing - fixed rate						
Loans	12.50%	301,592	-	-	-	301,592
Total non-derivatives		1,794,293	-	-	-	**1,794,293**
Derivatives						
	-	-	-	-	-	-
Total Derivatives		-	-	-	-	-

14. FINANCIAL INSTRUMENTS (cont'd…)

Consolidated - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	999,024	-	-	-	999,024
Loans and Borrowings	-	30,363	-	-	-	30,363
Other payables	-	79,344	-	-	-	79,344
Warrant Liability	-	-	292,169	-	-	292,169
Interest-bearing - fixed rate						
Loans	12.50%	-	323,575	-	-	323,575
Total non-derivatives		1,108,731	615,744	-	-	**1,724,465**
Derivatives						
	-	-	-	-	-	-
Total Derivatives		-	-	-	-	-

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, Mongolian Tugrik 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:

	Assets		Liabilities	
Consolidated	**2022**	**2021**	**2022**	**2021**
Australian dollars	4,901,853	4,366,069	1,028,512	5,587,904
	4,901,853	4,366,069	1,028,512	5,587,904

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 and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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 December 31, 2022 by approximately $9,750 (2021 $61,800).

The consolidated entity had net assets denominated in foreign currencies of C$3,873,341 (assets of $C4,901,853 less liabilities of C$1,028,512) as at 31 December 2022 (2021: C$3,470,908 (assets of C$4,366,069 less liabilities of C$895,161). Based on this exposure, had the Canadian dollar weakened by 10%/strengthened by 5% (2021: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been (C$34,000) lower/(C$17,000) higher (2021: (C$119,211) lower/(C$59,605) higher. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 31 December 2022 was $C4,985 (2021: loss of $C23,494).

15. COMMITMENTS AND CONTINGENCIES

As at December 31, 2022 and 2021 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 February 1, 2023, the company appointed Josh Conner as Chief Operating Officer.

On February 22, 2023, the Company exercised the option agreement on E77/2691. The option exercise price is A$250,000 cash plus A$250,000 worth of fully paid ordinary shares in Altan Rio Minerals calculated at a 30-day VWAP. Altan Rio Minerals will free carry the Vendor at 10% through to a decision to mine. If a decision to mine is made the Vendor will have 30 days to contribute or dilute to 1.5% Gross Smelter Royalty. Both parties have reciprocal 30 day right to purchase the other parties' interest if they are prepared to accept an offer for their rights, title, and interest on arm's length terms. Altan Rio Minerals is to maintain the tenement and keep it in good standing during the option period, or prior to notifying the Vendor of its intention not to exercise the option, whichever occurs first. Vendor may convert its retained 10% interest in the Tenement (the "Interest") into a 1.5% gross smelter royalty on all metals and minerals extracted from the Tenement (the "Royalty"). If the vendor wishes to sell the Interest or the Royalty (as applicable), Altan Australia will have a right of first refusal to purchase the applicable interest.

On April 13, 2023 Brian Cole resigned as Director and company secretary.