GOLDEN HORSE MINERALS

GOLDEN HORSE MINERALS LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Canadian Dollars)

INTRODUCTION

This management's discussion and analysis of financial condition and results of operations (this "**MD&A**") focuses upon the activities, results of operations, liquidity and capital resources of Golden Horse Minerals Limited ("**Golden Horse**" or the "**Company**") and its wholly owned subsidiaries (collectively, the "**Group**"), for the three months ended and year ended December 31, 2023. In order to better understand this MD&A, it should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2023. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and filed with appropriate regulatory authorities in Canada. This MD&A is current dated April 29, 2024 and dollar amounts contained in this MD&A are expressed in Canadian dollars, except as otherwise disclosed.

Forward-Looking Statements

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume; penalties and interest due in connection with any late tax filings; and other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR+ with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents of the Company that do not form part and are not incorporated by reference into this MD&A including, but not limited to, all documents filed on the Company's SEDAR+ profile at www.sedarplus.com.

Qualified Person

Mr. Jonathan Lea is a Member of the Australian Institute of Mining and Metallurgy and is a Director of Golden Horse Minerals Limited and an independent Qualified Person as defined by National Instrument 43-101, is responsible for the technical content regarding the Southern Cross North Project contained in this document. Mr. Lea has reviewed and approved the technical disclosure in this MD&A.

CORPORATE OVERVIEW

The Company is a mineral exploration and development company listed on the TSX Venture Exchange under the symbol "GHML" and is engaged in the acquisition, exploration, and development of mineral projects in Western Australia, including the Company's signature project, the Southern Cross North project (the "**SCN Project**").

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

Our experienced technical team is supported by: Graeme Sloan Chairman and Interim CEO, who is a qualified Mining Engineer with over 35 years experience as Managing Director/CEO, Non-Executive Director, Chairman and Member of Audit, Risk, Sustainability Committees within the resource sector; Paul Huet, Non-Executive Director, who has extensive experience of capital markets and has served in all levels of engineering and operations of mining; John Jones AM, Non-Director, who has over 30 years of experience in the international mining sector; Jonathan Lea, Non-Executive Director, with over 35 years experience in all aspects of the minerals industry; James Harris, Non-Executive Director, with over 30 years of experience in the management of construction and engineering projects in Australia and overseas and has extensive experience as a director of various business; Josh Conner as COO, highly experienced executive with organisations within the resource industry and that undergo transformational growth; and Martin Bouwmeester, CFO, a highly experienced executive within the resource industry and Fellow Certified Practicing Accountant.

SUMMARY OF KEY EVENTS

SELECTED FINANCIAL INFORMATION

The following table provides selected financial information that should be read in conjunction with the audited Consolidated Financial Statements and notes of the Company for the applicable year:

Summary of Results	December 31, 2023 $	December 31, 2022 $	December 31, 2021 $
Total revenue	4,059,767	---	---
Net loss for the period	961,840	1,092,580	1,192,109
Basic and diluted loss per Share	(0.01)	(0.01)	(0.01)
Current assets	2,376,795	200,694	294,929
Total assets	9,624,012	4,821,844	4,408,824
Total liabilities	1,183,451	1,794,293	1,528,509
Shareholders' equity	8,440,561	3,027,551	2,880,314

The result for the year was driven primarily by the toll treatment of approximately 35,600 tonnes of low-grade mineralised ore to produce and sell 1,578 ounces of gold. The Company generated revenue of $4.0 million from the proceeds of gold sales.

Net cash from operating activities for the year totaled $0.24 million (December 31, 2022: outflow of $0.43 million) and net cash used in investing activities for the year totaled $1.36 million (December 31, 2022: $0.48 million), being primarily, payments for exploration and evaluation activities.

Net cash provided by financing activities totaled $2.95 million (December 31, 2022: $0.86 million) and included proceeds from the issue of Shares of $2.36 million (before costs) (December 31, 2022: $0.68 million).

Cash on hand as at December 31, 2023 was $1.93 million (December 31, 2022: $0.13 million).

All Company announcements are filed on SEDAR+ and may be found at www.sedarplus.com or on the Company's Website at www.goldenhorseminerals.com.

SHARE CAPITAL

Share Capital

As at December 31, 2023, the Company had 159,547,285 common shares in the capital of the Company ("**Shares**") outstanding. As of the date of this MD&A, the Company has 176,134,494 Shares outstanding.

Options

As at December 31, 2023, the Company had 14,425,000 stock options outstanding. As at the date of this MD&A, the Company has 14,425,000 stock options outstanding.

Warrants

As at December 31, 2023, the Company had 20,840,720 common share purchase warrants outstanding. As of the date of this MD&A, the Company has 20,840,720 common share purchase warrants outstanding.

Performance Rights

As at December 31, 2023, the Company had 15,916,294 performance rights outstanding. As at the date of this MD&A, the Company has 15,916,294 performance rights outstanding.

Inducement Shares

As at December 31, 2023, the Company had 3,180,000 inducement shares outstanding. As at the date of this MD&A, the Company has 3,180,000 inducement shares outstanding.

OPERATIONS

The following summary of the Company's operations is qualified by the fact that 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 North Project, Australia

The SCN Project, located 360 km east of Perth, Western Australia, comprises of exploration, prospecting and mining tenements covering approximately 930 km^2 (including tenements to be acquired under the terms of the Torque Metals Bullfinch Gold Project, Hakes Find Project, Ennuin Project, Copperhead Project and the Southern Cross South Project (refer below)) which are prospective for gold. The SCN Project is located on both crown and agricultural land immediately north of the town of Southern Cross, Australia, which provides a suitable base for exploration. Electrical transmission lines, water pipeline, bitumen roads, and mine haul roads traverse the SCN Project area, and a major highway and a national railway pass through Southern Cross. The regional mining centre of Kalgoorlie lies 220 km to the east. Two gold mineral processing facilities, operated by third parties, are located within 75 km of the SCN Project, at Marvel Loch and Westonia. These mills have existing arrangements in place for the toll treatment of gold mineralisation for third-party miners.

On June 19, 2023, the Company poured 1,578 ounces from the stockpile at historical Pilot Gold Mine. Approximately 35,600 tonnes of stockpile material were processed with the ore returning a head grade of 1.63g/t Au – slightly outperforming historical operations which typically returned grades around 1.5g/t Au. Processing occurred as expected under standard operating procedures, demonstrating the quality and consistency of mineralisation within the Southern Cross Greenstone Belt. Processing of the Pilot stockpile delivered total revenues of $4.0 million.

During the period, the Company continued its strategic land acquisition program.

OPERATIONS (CONT'D…)

Southern Cross North Project, Australia *(cont'd)*

On February 22, 2023, the Company exercised the option agreement on E77/2691. The option exercise price was A$250,000 cash plus A$250,000 of Shares (2,372,820 Shares issued on March 7, 2023). The Company 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 a 1.5% Gross Smelter Royalty ("**GSR**"). Both parties have a 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. The Company 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. The vendor may convert its retained 10% interest in the tenement into a 1.5% gross smelter royalty on all metals and minerals extracted from the tenement. If the vendor wishes to sell the interest or the royalty (as applicable), the Company will have a right of first refusal to purchase the applicable interest.

On August 1, 2023 the vendor converted the interest into a 1.5% GSR plus an additional 0.5% GSR after the Company acquired the outstanding 10% equity in the tenement. E77/2691 is a large exploration license covering 116km^2 and is located between Southern Cross and Bullfinch in Western Australia. The ground is highly prospective for gold, nickel, and other commodities. E77/2691 is located between known nickel sulphide locations (Forrestania nickel deposits to the south and Trough Well to the north).

<u>Hakes Find Project</u>

On June 12, 2023, the Company announced that it had entered into an option agreement to acquire Hakes Find project, 10km from the Southern Cross township in the central portion of the Southern Cross Greenstone Belt. The Company paid an option fee of A$25,000 in June 2023, extended the term of the Hakes Find Agreement by six months to May 25, 2024 by way of cash payment of A$25,000 in December 2023 and can extend by a further six months for an additional A$25,000. The option exercise price is A$100,000 cash and A$175,000 in Shares (up to 2,467,500 Shares based the volume weighted average price ("**VWAP**") of the Shares in the period 30 days prior to issue and adjusted using the C$/A$ exchange rate posted by the Bank of Canada), plus a 1.5% royalty on the first 23,000 ounces of gold produced from the tenement.

Based on results from their drilling programs, Finders Gold NL estimated a non-JORC compliant mineral resource for Hakes Find in 1995 (Finders Gold NL, 1998. Hakes Find Project, Annual Report for the Period from 1 November 1992 to 31 December 1997). According to Finders Gold NL, a more coherent central zone was interpreted to hold better potential for eventual economic exploitation with preliminary scoping work suggesting a lower waste to ore stripping ratio compared to the entire gold deposit. Results of metallurgical test work undertaken by Finders Gold NL on drill samples from the Hakes Find deposit indicated sulphide mineralisation may be amenable to processing through a conventional CIP/CIL treatment plant.

Preliminary field work by the Company at Hakes Find consists of several grab samples from the face of the mineralisation may be amenable to processing through a conventional CIP/CIL treatment plant. The grab samples were taken from the face of the historic pit wall approximately 2-3 metres below surface and along strike which returned significant assay results including:

- SX029 2.2 g/t Au;
- SX030 1.8 g/t Au;
- SX032 10.0 g/t Au; and
- SX033 4.0 g/t Au.

OPERATIONS (CONT'D…)

Torque Metals Bullfinch Gold Project

On June 26, 2023, the Company announced that it had entered into a conditional sale agreement with Torque Metals Limited (ASX:TOR) ("**Torque**") to acquire 100% of their Bullfinch Gold Project (the "**Sale Agreement**"), located 34km from the Southern Cross township within the Yilgarn Mineral Field, Western Australia and adjacent to the Company's existing tenements. The Sale Agreement will provide the Company an additional 572km² tenure, which is an area that has numerous historical small gold mines throughout. The original material terms of the Sale Agreement saw the Company make a non-refundable cash payment of A$100,000 to Torque upon signing the Sale Agreement, had the transaction be conditional upon the secondary listing of the Company on the ASX and assignment of Torque's Bullfinch obligations on or before December 15, 2023 ("**End Date**"). On completion of the transaction, the Company shall, at its election either (i) pay Torque a further A$650,000 cash or (ii) issue up to 7,929,097 Shares to Torque to the value of A$650,000 at the same issue price as Shares issued under the secondary listing on ASX. During the period until the earlier of completion or the End Date, the Company shall be responsible for all expenditure commitments associated with maintaining the tenements comprising the Bullfinch Project in good standing, failing which the Sale Agreement shall terminate. In the event the Company does not complete a secondary listing on ASX by the End Date, it may still elect to complete the transaction, in which circumstances it shall make payment of A$650,000 cash to Torque. The Company initially extended the End Date to March 15, 2024, by a cash payment of A$25,000 in February 2024 and the End Date was further extended to June 17, 2024, by a cash payment of A$25,000 in March 2024.

The project is located on Archaean greenstone lithologies prospective for gold deposits, massive sulphide nickel-copper deposits, iron ore and lithium. Three historic workings - Withers, Reynolds Find and Rutherford Find - are the most advanced exploration prospects on the tenure and all warrant follow up exploration:

- The Withers prospect, which lies 6km WNW of the historic Copperhead mine site, consists of over three kilometres of historical workings and has recorded past production of 1,472 tonnes of ore at a recovered grade of 35.7 g/t Au (1,688 ounces).
- The Rutherfords Find prospect has had limited exploration with only twelve historic RC holes drilled to date (see Figure 2). However, these drillholes produced, 10 significant gold intersections with two holes hitting wide zones:
    - 8m @ 5.4 g/t Au, including 4m @ 10.1g/t Au, and open at depth (BRC30);
    - 8m @ 3.9 g/t Au, including 2m @ 9g/t Au, (BRC19).

  There has been no follow-up drilling of these holes. Historical production from Rutherfords Find totaled 194 ounces from 308 tonnes at an average recovered grade of 19.6 g/t Au.
- The Reynolds Find prospect has limited historic exploration and is seen as highly prospective for high grade gold. The best intercepts were encountered in 4 holes drilled on a section immediately east of the historical workings.
    - BRC4 – 5m @ 3.5 g/t Au including 2m @ 10.1g/t Au;
    - RRC5 – 4m @ 14.4 g/t Au including 1m @ 54.9 g/t Au;
    - RRC6 – 3m @ 2.6 g/t Au.

Ennuin Package

On August 1, 2023, the Company announced that it entered into an agreement with West Australian Prospectors Pty Ltd (an entity controlled by Vern Strange) and Kym McClaren to acquire a series of projects which are located approximately 30km north of the town of Bullfinch. Key terms of the agreements are as follows:

- Ennuin Project - The Company made a cash payment of A$100,000 in August 2023, will issue A$175,000 worth of Shares (1,739,562 Shares at an issue price of C$0.08843 per Share and an A$/C$ exchange rate of 0.879) and will pay A$150,000 cash upon the earlier of listing on the ASX or within 6 months of execution of the agreement (March 1, 2024), plus a 1.5% gross smelter royalty capped at A$800,000. The Company elected to extend the term of the agreement by 6 months (to August 31, 2024) with a cash payment of A$50,000 in February 2024.

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OPERATIONS (CONT'D…)

- Birthday Mine Project - The Birthday tenement covers 0.6km^2 and is located 30km north of Bullfinch. The tenement encompasses a series of historic underground gold mining operations at Birthday, Birthday Extended, Birthday South, Birthday West, and Birthday West Extended. Production at the Birthday mine commenced in 1911 and operations occurred intermittently over the following 40 years. The most recent underground operations occurred between 2000-2010. Despite an active history, Golden Horse believes the site continues to remain highly prospective for further gold mineralisation. Operations at Birthday and Birthday South, which are approximately 550m apart, are interpreted as mining a mineralised, shear-hosted quartz reef which remains open to the north, south and at depth.
  - Tenement E77/2942

    Tenement E77/2942 an exploration tenement covering 91km^2 located approximately 32 kilometres north of Bullfinch. The site is approximately 5km east of the Mt Jackson Road and is accessible by graded gravel roads. A significant portion of E77/2942 covers the northern end of Southern Cross Greenstone belt and is interpreted to contain gold, base metals and iron mineralisation. A due diligence field trip has identified a number of prospects including Birthday North that the Golden Horse Minerals team will be following up with desktop work.

  - Newfield East Project

    The Newfield East Project contains 3 prospecting licences (P77/4629, P77/4630 & P77/4631) covering 4.8km^2, located 55km North of bullfinch. The Newfield East Project offers a prospect to the north of the group of prospecting leases that was last drilled by Bullseye Mining Limited in 2012 targeting Copper and Gold (WAMEX report).

<u>Copperhead Project</u>

The Company made a cash payment of A$50,000 in August 2023 and will issue A$250,000 of Shares (2,485,089 Shares at an issue price of C$0.08843 Share and an A$/C$ exchange rate of 0.879) and will pay A$200,000 cash upon the earlier of listing on the ASX or within 6 months of execution of the agreement (March 1, 2024), plus a 1.5% Gross Smelter Royalty capped at A$800,000. The Company elected to extend the term of the agreement by 6 months (to August 31,, 2024) with a cash payment of A$50,000 in February 2024. This strategic prospecting lease (P77/4357) covers an area located immediately adjacent to the Copperhead mine, near the town of Bullfinch. The lease is highly prospective for gold mineralisation given its location, with the Copperhead mine estimated to have produced approximately 1.5 Moz Au.

<u>Southern Cross South Project</u>

On August 1, 2023, the Company announced that it entered into agreements to acquire P77/4593 and E77/2829, located south of Southern Cross township. P77/4593 covers 1.9km^2 and lies approximately 15 kilometres south-southeast of the Southern Cross township, immediately to the south of the privately-owned IMD Gold Mines' Battler Gold Mine. P77/4593 is located next to infrastructure and approximately 20 kilometres from the Marvel Loch Mill. E77/2829 covers 2.5km^2 and lies approximately 5kms southwest from the town of Southern Cross. Previous exploration work at the tenement consisting of soil sampling and has identified an untested anomaly. The Company made a cash payment of A$90,000 in July 2023 and will issue A$300,000 worth of Shares (2,982,107 Shares at an issue price of C$0.08843 per Share and an A$/C$ exchange rate of 0.879).

<u>Name Change</u>

On July 21, 2023, the Company changed its name to Golden Horse Minerals Limited from Altan Rio Minerals. The Shares commenced trading on the Exchange under the new name with a new trading symbol "GHML" at market open on July 21, 2023.

<u>Issuance of Securities</u>

On December 1, 2023 pursuant to its equity incentive plan, the Company announced that it granted an aggregate of 15,916,294 performance rights redeemable for Shares and 10,050,000 options to acquire Shares to certain employees, officers, consultants, directors and non-executive directors of the Company. The Company also announced it had issued 3,180,000 inducement shares to two new officers of the Company.

OPERATIONS (CONT'D…)

On December 20, 2023, the Company announced a non-brokered private placement of up to 18.46 million Shares at a price of $0.0975 per Share for gross aggregate proceeds of up to approximately $1.8 million ("**Offering**"). The Company intends to use the proceeds from the Offering to fund gold and lithium exploration efforts on its projects in the Southern Cross region of Western Australia, as well as for working capital and general corporate purposes. Following period end, on January 2, 2024, the Company announced that it closed the Offering, raising aggregate gross proceeds of approximately $1.62 million through the issuance of 16.59 million Shares at an issue price of $0.0975 per Share.

MONGOLIAN OPERATIONS

No work was carried out by the Company on the Mongolian project and during the year ended December 31, 2023. Following corporate activity, the Company is no longer affiliated with the Mongolian project. Details are:

- Altan Rio Holdings Limited was incorporated in British Virgin Islands, was a subsidiary of Altan Rio Holdings Canada Limited and was dissolved on November 2, 2022.
- Altan Rio Limited was incorporated in British Virgin Islands, was a subsidiary of Altan Rio Holdings Limited and was dissolved following period end, on July 4, 2023.
- GS Minerals Corp. Ltd was incorporated in Bermuda and was a subsidiary of Altan Rio Limited. Following period end, on August 29, 2023, the Company was notified by The Registrar of Companies, Bermuda, that the Company has been struck off.
- BraveHeart Resources LLC was incorporated in Mongolia, was a subsidiary of GS Minerals Corp. Ltd and is no longer a subsidiary of the Company and as such, ceases to remain within the Group. Altan Rio Holdings Canada Limited ceased operations in Mongolia and given that GS Minerals Corp. Ltd has been dissolved, BraveHeart Resources LLC is no longer in the Group.
- Altan Rio Mongolia LLC was incorporated in Mongolia and was a subsidiary of Altan Rio Limited. Altan Rio Holdings Canada Limited ceased operations in Mongolia and given that Altan Rio Limited has been dissolved, Altan Rio Mongolia LLC is no longer in the Group.

It is important to note that there are possible obligations depending on future events in relation to cessation of operations at the Mongolian project and the ultimate outcome cannot be reasonably or accurately estimated at this time. The Company continues to work with its advisors to determine whether there are any material liabilities associated with ceasing operations in Mongolia. Ceasing operations in Mongolia allows Golden Horse to focus exclusively on its highly prospective multi-commodity tenement package in the of Southern Cross greenstone belt.

MANAGEMENT CHANGES

The following management changes occurred during the three months ended December 31, 2023:

- Mr Kerry Griffin resigned as a Director of the Company on October 9, 2023;
- Mr Jonathan Lea was appointed as a Director of the Company on October 10, 2023;
- Mr Paul Huet was appointed as a Director of the Company on October 18, 2023;
- Mr Nick Madders resigned as Company Secretary of the Company on October 10, 2023; and
- Mr Martin Bouwmeester was appointed as Chief Financial Officer and Company Secretary of the Company on October 10, 2023.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Overview

The Company continued to engage in regional consolidation, exploration activities associated with the SCN Project and strengthening the Company's balance sheet. These activities have been funded by the sale of gold and the Company's fundraising activities in the capital markets.

Exploration

The Company holds capitalized exploration and evaluation assets as follows:

Exploration and evaluation assets	December 31, 2023 $	December 31, 2022 $
Australia		
Acquisition costs	4,065,040	2,002,173
Exploration costs	3,218,419	2,749,292
Foreign exchange movements	(68,865)	(130,315)
Total	**7,214,594**	**4,621,150**

Expenses

The Company's net loss for the three months ended December 31, 2023, was 1,855,484 (2022 - $486,617). The loss increased primarily due to a $746,137 foreign exchange loss realised upon deconsolidation of certain companies within the Group during the period and provisioning for $222,000 of potential penalties and interest for non-compliance with tax filing obligations in Canada.

During the three months ended December 31, 2023, the Company incurred $95,871 in professional fees (2022 – $74,690), $54,133 in consulting and management fees (2022 – $8,437), $174,966 in wages (2022 – $13,916) and $28,282 in office and general expenses (2022 – $25,331). Wages increased primarily due to the employment of key executives during the period.

During the year ended December 31, 2023, the Company incurred $530,039 in professional fees (2022 – $117,565), $58,676 in consulting and management fees (2022 – $159,602), $4,757 in foreign exchange loss (2022 – $4,985), $405,654 in wages (2022 – $51,844), $121,263 in office and general expenses (2022 – 164,860), $21,942 in interest (2022 – $36,224), nil in impairment of assets (2022 – $172,107) and $344,778 in share-based compensation (2022 – 330,347). Professional fees increased, primarily due to costs incurred associated with the Company's ASX listing application. Wages increased primarily due to the employment of key executives during the period.

During the year ended December 31, 2023, the Company had a write-off of exploration and evaluation assets of $264,058 (2022 – impairment of exploration and evaluation assets $172,107).

Office and general expenses consist of computer, telecommunications, transfer agent and filing fees, investor relations fees, motor vehicle expenses, general office expenses and administrative services related to maintaining the Company's exchange listing and complying with securities regulations.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities.

RISKS AND UNCERTAINTIES (CONT'D…)

Property Risks

Title to exploration and evaluation asset interests 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 asset. Interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interests in which the Company has committed to earn an interest are located in Western Australia.

Title Risks

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests, and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Environmental Regulations, Permits and Licenses

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. We intend to comply fully with all environmental regulations.

The current or future operations of the Company, including development activities and commencement of production on our properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that we obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for the operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

RISKS AND UNCERTAINTIES *(cont'd…)*

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular environmental laws.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Tax Penalties

The Company may be subject to potential penalties and interest for non-compliance with tax filing obligations related to its failure and the failure of its wholly owned subsidiary from making their respective income tax filings in Canada for several years. The imposition of potential penalties beyond what the Company has provided for in its annual financial statements could have a material adverse effect on the Company and the prospects.

The Company continues to work with its advisors to determine whether there are any material liabilities associated with ceasing operations in Mongolia.

Dependence on Key Personnel

The success of the Company is currently largely dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

Fluctuating Mineral and Metal Prices

Factors beyond our control may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the exploration activities cannot be predicted. For example, gold prices are affected by numerous factors beyond the Company's control, including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand, and political and economic conditions. Worldwide gold production levels also affect gold prices. In addition, the price of gold has on occasion been subject to rapid short-term changes due to speculative activities.

Future Financings

The Company's continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of securities distributed hereunder will be affected by market volatility.

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

The consolidated 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.

The Company relies on equity financings for its working capital requirements and to fund its planned exploration and development activities.

For the period ended December 31, 2023, the Group recorded a net loss of $961,840 (December 2022: Loss of $1,092,626). As at December 31, 2023, the Company's cash and cash equivalents was $1,933,580 compared to $127,323 as at December 31, 2022. Working capital surplus as at December 31, 2023 was $1,193,344 compared to a working capital deficit of $1,593,599 as at December 31, 2022. Current liabilities at December 31, 2023 are $1,183,451 of which include a trade and other payables of $931,705 and current provisions of $251,746. Current liabilities at December 31, 2022 was $1,794,293 of which included a trade and other payables of $1,120,575 and a loan payable balance of $313,797. This amount was advanced from Lionel Street Pty Ltd ("**Lionel**"), a non-related party. The loan interest rate was 12.5%, payable monthly in arrears. On June 28, 2023 the Company settled the Lionel loan in full.

Current forecasts indicate that cash on hand as at December 31, 2023 will not be sufficient to fund planned exploration and operational activities during the next twelve months and to maintain the Group's tenements in good standing.

Accordingly, the Group will be required to raise additional equity, consider alternate funding options or a combination of the foregoing.

These factors indicate a material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group has a proven history of successfully raising capital. On January 2, 2024, the Company announced that it closed its non-brokered private placement of Shares, raising aggregate gross proceeds of $1,617,253 through the issuance of 16,587,209 Shares at an issue price of $0.0975 per Share. Subscriptions totalling $918,449 were received by the Company prior to December 31, 2023 and are included in the cash on hand balance as at December 31, 2023;
- The ASX dual listing progressing with a listing date to be announced following receipt of final regulatory and ASX approvals; and
- 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.

Accordingly, the financial statements for the year ended December 31, 2023 have been prepared on a going concern basis as, in the opinion of the directors, the Group will be in a position to continue to meet its operating costs and exploration expenditure commitments and pay its debts as and when they fall due for at least twelve months from the date of this report. However, the directors recognise that if sufficient additional funding is not raised from the issue of capital or through alternative funding sources, there is a material uncertainty as to whether the going concern basis is appropriate with the result that the Group may relinquish title to certain tenements and may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters:

	Currency	Foreign Exchange Gain / (Loss)	Net Profit / (Loss)	Net Loss per Share (basic & fully diluted)
2023				
Fourth Quarter	CAD	(745,869)	(1,855,484)	(0.01)
Third Quarter	CAD	3,416	(457,503)	(0.01)
Second Quarter	CAD	(3,684)	1,487,670	0.01
First Quarter	CAD	---	(136,523)	(0.001)
2022				
Fourth Quarter	CAD	(102)	(486,617)	(0.01)
Third Quarter	CAD	---	(124,589)	(0.006)
Second Quarter	CAD	(4,901)	(228,014)	(0.005)
First Quarter	CAD	18	(253,090)	(0.002)

CONTRACTUAL AND OTHER OBLIGATIONS

Refer to Commitments and Contingencies (Acquisition commitments – Western Australia) for details of the proposed acquisitions by the Company.

PROPOSED TRANSACTIONS

At the present time, there are no proposed transactions that should be disclosed.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements or off-balance sheet financing structures in place.

RELATED PARTY DISCLOSURE

As at December 31, 2023, there were no amounts owing by the Company to related parties.

The Company entered into the following transactions with related parties:

- During the year ended December 31, 2023, Mr Josh Conner provided field work services (including supply of labour and equipment) totalling $50,600, to the Company through Black Horse Minerals Pty Ltd ("**Black Horse**"). Black Horse is an entity associated with the Company's Chief Operating Officer, Mr Josh Conner. These field work services were incurred in the normal course of operations, on an arm's length basis.

RELATED PARTY DISCLOSURE (CONT'D…)

- The Company announced on December 8, 2022, that it was acquiring the remaining 20% of 14 key tenements that were subject to an earn in arrangement with Surveyor Resources, a company controlled by Mr John Jones, a director of the Company. Surveyor Resources agreed to both (i) waive all remaining conditions to the Company's 80% earn-in interest in the 14 key tenements and (ii) sell the remaining 20% interest in the 14 key tenements to the Company for $1,000,000 ("**Consideration**").

  On July 4, 2023, the Company announced that it satisfied all conditions, including the issue of Shares as the Consideration for its acquisition of 100% of the 14 key tenements. The Consideration was satisfied by the issuance of 10,000,000 Shares (at a fair value of $0.085 per Share) and 10,000,000 warrants, each warrant exercisable for one additional Share at an exercise price $0.14 for a period of 4 years. These transactions were incurred in the normal course of operations, on an arm's length basis.

As at December 31, 2022, an amount of:

- $28,676 was owed to Surveyor Resources, a company controlled by Mr John Jones, a director of the Company. The outstanding amount and repayments made during the period ended December 31, 2022 related to the joint venture agreement between the Company's wholly owned subsidiary, Altan Rio Minerals (Aust) Pty. Ltd. And Surveyor Resources;
- $267,343 was owed to Jones Partners Pty Ltd, a company controlled by Mr John Jones, a Director of the Company;
- $4,443 was owed to Mr Brian Cole, a Director of the Company. Mr Cole resigned as a Director of the Company on 10 April 2023;
- $9,181 was owed to Mr Evan Jones, a Director of the Company and was subsequently written off in the year ended December 31, 2023. Mr Jones resigned as a Director of the Company on November 22, 2022;
- $27,268 was owed to Mr Kerry Griffin, a Director of the Company, for geological consulting services. Mr Griffin resigned as a Director of the Company on October 10, 2023;
- $23,010 was owed to Altan Nevada Minerals Limited. Mr John Jones is a Director of the Company and Altan Nevada Minerals Limited. This amount was subsequently written off in the year ended December 31, 2023;
- $29,878 (included in loans payable) was owed to John Jones, a Director of the Company; and
- $70,263 (included in accounts payable) was owed to Mr Robert Williams, for accounting services. On October 10, 2023, Mr Williams resigned as an officer 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 periods ended December 31, 2023 are as follows:

RELATED PARTY DISCLOSURE (CONT'D…)

	12 Months December 31, 2023 $ (Audited)	12 Months December 31, 2022 $ (Audited)
Management and consulting fees	318,715	113,624
Director fees	(21,463)	77,547
Share-based compensation	246,975	325,408
Total	**544,227**	**516,579**

CHANGES IN ACCOUNTING POLICIES AND OTHER CHANGES

Functional currency

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, for the year ended December 31, 2023 and 2022 is the Canadian Dollar, and the functional currency of the Company's wholly owned subsidiary, Altan Rio Minerals (Aust) Pty Ltd is the Australian Dollar.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 3 to the consolidated financial statements for the twelve months ended December 31, 2023. Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and future cash flow.

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONT'D…)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

Use of Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the carrying value and recoverability of exploration and evaluation assets, inputs used in the calculation of share-based compensation and agents' warrants and the valuation allowance applied to future income taxes. Actual results could differ from those estimates and would impact future results of operations and cash flows.

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

<u>Deferred Tax Assets & Liabilities</u>
The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONT'D…)

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.

Share-Based Compensation

The Company accounts for stock options, performance rights and inducement shares granted to directors, officers and employees at the fair value of the options granted. The fair value of options, performance rights and inducement shares 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 of stock options granted is recognized as an expense with a corresponding increase in equity over the relevant vesting period. The fair value is measured at grant date using the Black-Scholes option pricing model. The cumulative charge to profit or loss is calculated based on the grant date fair value, the best estimate of the number of stock options that are likely to vest and the expired portion of the vesting period. Upon exercise of stock options, the balance of the share-based payments reserve in relation to those options is transferred to retained earnings.

The fair value of performance rights granted to employees is recognized as an expense with a corresponding increase in equity over the relevant vesting period, being the period over which the performance condition and any service condition is achieved. The cumulative charge to profit or loss is calculated based on the grant date fair value, the best estimate of the number of performance rights that are likely to vest and the expired portion of the vesting period. The number of rights expected to vest is estimated based on the attaching conditions. The estimates are revised at the end of each reporting period and adjustments are recognized in profit or loss and equity.

The fair value of inducement shares granted to employees is recognized as an expense with a corresponding increase in equity over the relevant vesting period, being the period over which the performance condition and any service condition is achieved. The cumulative charge to profit or loss is calculated based on the grant date fair value, the best estimate of the number of performance rights that are likely to vest and the expired portion of the vesting period. The number of rights expected to vest is estimated based on the attaching conditions. The estimates are revised at the end of each reporting period and adjustments are recognized in profit or loss and equity.

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONT'D…)

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.

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.

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 expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONT'D…)

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.

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 C$ is the only item currently affecting comprehensive income (loss) for the years presented.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 Australian 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 and the Australian Taxation Office. 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, 2023, the Company has cash of $1,933,580 (December 31, 2022: $127,323) to settle current liabilities of $1,183,451 (December 31, 2022: $1,794,293). As disclosed in Note 1 to the consolidated financial statements for the twelve months ended December 31, 2023, the Company will need to raise additional funds to meet its obligations as they come due. The Company is exposed to liquidity risk.

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.

FINANCIAL INSTRUMENTS (CONT'D…)

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.

Sensitivity Analysis

The Company currently operates in Australia and has previously operated in Mongolia. The Company 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 profit for the year ended December 31, 2023 by approximately $114,500 (2022 loss $9,750).

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares. No preferred shares have been issued to date. An aggregate of 176,134,494 Common Shares were issued and outstanding as of the date of this MD&A. The Company has 20,840,720 share purchase warrants outstanding as of the date of this MD&A. The Company has 14,425,000 stock options outstanding as of the date of this MD&A. The Company has 15,916,294 performance rights outstanding as of the date of this MD&A. The Company has 3,180,000 inducement shares outstanding as of the date of this MD&A.

PROVISIONS

	December 31, 2023 $	**December 31, 2022 $**
Taxation penalties and interest (a)	222,000	---
Employee benefits – annual leave	29,746	---
Total	**251,746**	**---**

The Company has identified that the Company and Altan Rio Holdings Canada Limited have not filed tax returns with the Canada Revenue Agency ("**CRA**") for several years. As a result, although the Company does not believe that any income taxes are payable to the CRA, the Company may be subject to penalties and interest imposed by the CRA. Based on advice received from the Company's tax advisors, the directors have provisioned $222,000 for potential penalties and interest for non-compliance with tax filing obligations. It is important to note that this amount is subject to change, pending CRA's assessment of the tax returns and negotiations and agreement with the CRA.

Management is actively engaged in resolving this matter and working towards ensuring compliance with all applicable tax laws. The Company is working closely with its tax advisors to address the outstanding tax filings and following that, will also work closely with its tax advisors to negotiate the amount of any potential penalties and interest with the CRA. Refer to Commitments and Contingencies for further information.

COMMITMENTS AND CONTINGENCIES

Tenement commitments – Western Australia

The Group has a portfolio of tenements located in Western Australia, which all have a requirement for a certain level of expenditure each and every year in addition to annual rental payments for the tenements. Future minimum expenditure commitments as at 31 December for the tenements held, are as follows:

	December 31, 2023 $	December 31, 2022 $
Within one year	430,286	371,518
After one year but not more than five years	671,711	463,539
More than five years	388,152	372,855
Total	**1,490,149**	**1,207,912**

Acquisition commitments – Western Australia

On June 12, 2023, the Company announced that it had entered into the Hakes Find Agreement, to acquire a project 10km from Southern Cross township in the central portion of the Southern Cross Greenstone Belt. The option exercise price is A$100,000 cash and A$175,000 in Shares (up to 2,467,500 Shares based the VWAP of the Shares in the period 30 days prior to issue and adjusted using the C$/A$ exchange rate posted by the Bank of Canada), plus a 1.5% royalty on the first 23,000 ounces of gold produced from the tenement.

On June 26, 2023, the Company announced that it had entered into the Bullfinch Agreement with Torque, to acquire a project located 34km from the Southern Cross township within the Yilgarn Mineral Field, Western Australia and adjacent to the Company's existing tenements. Conditional upon the proposed secondary listing of the Company on the ASX and assignment of Torque's Bullfinch obligations on or before June 17, 2024, the Company shall on completion, at its election either:

- Pay Torque a further A$650,000 cash; or
- Issue Shares to Torque to the value of A$650,000 at the same issue price per Share as Shares issued under the proposed secondary listing on ASX;

In the event that the Company does not complete the proposed secondary listing on ASX by the End Date, it may still elect to complete the transaction, in which circumstances it shall make payment of A$650,000 cash to Torque. A 1% net smelter royalty, subject to the Company's right to re-purchase the royalty at any time for A$1.7 million.

On August 1, 2023, the Company announced that it entered into an agreement with prospectors Vernon Strange and Kym McClaren to acquire a series of projects which are located approximately 30km north of the town of Bullfinch. Key commitments of the agreements are as follows:

- Ennuin Project - The Company will issue A$175,000 worth of Shares (1,739,562 Shares at an issue price of C$0.08843 per Share and an A$/C$ exchange rate of 0.879) and will pay A$150,000 cash upon the earlier of listing on the ASX or August 31, 2024;
- Copperhead Project – The Company will issue A$250,000 worth of Shares (2,485,089 Shares at an issue price of C$0.08843 Share and an A$/C$ exchange rate of 0.879) and will pay A$200,000 cash upon the earlier of listing on the ASX or August 31, 2024.

On August 1, 2023, the Company announced that it entered into an agreement to acquire two tenements located south of the Southern Cross township. The Company will issue A$300,000 worth of Shares (2,982,107 Shares at an issue price of C$0.08843 per Share and an A$/C$ exchange rate of 0.879).

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COMMITMENTS AND CONTINGENCIES (CONT'D…)

Taxation – Canada

The Company recognizes that it has an ongoing obligation to comply with tax regulations in the jurisdictions in which it operates. The Group has identified that the Company and Altan Rio Holdings Canada Limited have not filed tax returns with the CRA for several years. As a result, although the Company does not believe that any income taxes are payable to the CRA, the Company may be subject to penalties and interest imposed by the CRA. Based on advice received from the Company's tax advisors, the Directors have provisioned $222,000 for potential penalties and interest for non-compliance with tax filing obligations.

It is important to note that there is a possible obligation depending on future events in relation to non-compliance with tax filing obligations and therefore the amount provisioned may be subject to change, pending CRA's assessment of the tax returns, negotiations and agreement with the CRA. Management is actively engaged in resolving this matter and working towards ensuring compliance with all applicable tax laws. The Company is working closely with its tax advisors to address the outstanding tax filings and following that, will also work closely with its tax advisors to negotiate the amount of any potential penalties and interest with the CRA.

Given that the provision is based on a number of assumptions and advice received, the Company considers it appropriate to disclose this contingent liability. The ultimate outcome cannot be reasonably or accurately estimated at this time.

Mongolia

The Company's subsidiary companies GS Minerals Corp. Ltd, BraveHeart Resources LLC and Altan Rio Mongolia LLC have ceased to be subsidiaries of Company and no longer remain within the Group. It is important to note that there are possible obligations depending on future events in relation to cessation of operations at the Mongolian project and the ultimate outcome cannot be reasonably or accurately estimated at this time.

SUBSEQUENT EVENTS

- On January 2, 2024, the Company announced that it closed its non-brokered private placement of Shares, raising aggregate gross proceeds of approximately $1.62 million through the issuance of 16.59 million Shares at an issue price of $0.0975 per Share.
- On January 8, 2024, the Company announced that it has entered into a binding agreement to wholly acquire Enterprise Metals Limited's ("**Enterprise Metals**") Bullfinch North Tenement Option and Sale Agreement ("**Option Agreement**") for the Bullfinch North lithium and gold project, located in the northern part of the Southern Cross Greenstone Belt ("**Bullfinch North**"). A second agreement covers the direct purchase of an exploration licence wholly owned by Enterprise Metals. The material terms of the Option Agreement acquisition are as follows:
    - The Option Agreement includes tenements E77/2325, E77/2568, P77/4350, P77/4566, P77/4586 and P77/4587. The Company has acquired the same terms and conditions with Nickgraph Pty Ltd ("**Nickgraph**") as outlined in the Option Agreement.
    - The Company will assume Enterprise's obligations relating to the Option Agreement that provide that the Company has the right to exercise the Option to purchase Bullfinch North project by May 24, 2024, with a:
        - a payment to Nickgraph of A$400,000 cash;
        - the issue of Shares to Nickgraph to the value of A$400,000 and;
        - all production subject to a 1.5% gross royalty capped at A$1 million.
    - The Company has also agreed a cash payment of A$200,000 to purchase Enterprise Metals wholly owned of E77/2652 which is not part of the Option.
    - The Company will also assume the 1% net smelter royalty over E77/2652 already in place with a third party.

SUBSEQUENT EVENTS (CONT'D…)

Other than the disclosure above, there have not been any matter or circumstance that has arisen since the end of the year end that has significantly affected, or may significantly affect, the operations of the Group, the result of those operations or the state of affairs of the Group in future financial period.

ADDITIONAL INFORMATION

Additional information about the Company, including the audited consolidated financial statements, is available on the Company's profile on SEDAR+ at www.sedarplus.com.

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