

**ALTAN RIO MINERALS LIMITED**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)

**March 31, 2022**  
(Unaudited and Prepared by Management)

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## **Notice of Non-review of Condensed Interim Consolidated Financial Statements**

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

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

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

**ALTAN RIO MINERALS LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**  
(Expressed in Canadian Dollars) (Unaudited)

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 124,863	\$ 192,114
Receivables (Note 5)	143,326	92,176
Prepayments	10,253	10,639
	<u>278,442</u>	<u>294,929</u>
<b>Non-Current Assets</b>		
Mineral properties (Note 6)	4,617,638	4,113,895
<b>Total Assets</b>	<u><b>\$ 4,896,080</b></u>	<u><b>\$ 4,408,824</b></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current Liabilities</b>		
Trade and other payables	\$ 936,059	\$ 999,024
Loans and borrowings (Note 7)	30,363	30,363
Due to related parties (Note 8)	80,270	79,344
<b>Total Current Liabilities</b>	<u><b>1,046,692</b></u>	<u><b>1,108,731</b></u>
<b>Non-Current Liabilities</b>		
Loans and borrowings (Note 7)	168,556	127,159
<b>Total Liabilities</b>	<u><b>1,215,248</b></u>	<u><b>1,235,890</b></u>
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (Note 9)	23,278,619	23,154,176
Subscriptions received (Note 9)	906,483	336,270
Subscriptions receivable	(15,000)	(15,000)
Share premium reserve (Note 9)	2,295,853	2,295,853
Accumulated losses	(21,774,028)	(21,520,937)
Foreign exchange reserve	(1,011,095)	(1,077,429)
	<u><b>3,680,832</b></u>	<u><b>3,172,933</b></u>
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<u><b>\$ 4,896,080</b></u>	<u><b>\$ 4,408,824</b></u>

Approved and authorized by the Board of Directors on June 16, 2022.

<u>"Evan Jones"</u>	Director	<u>"John Jones"</u>	Director
Evan Jones		John Jones	

**ALTAN RIO MINERALS LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

AS AT MARCH 31, 2022

(Expressed in Canadian Dollars) (Unaudited)

	<b>March 31, 2022 (Unaudited)</b>	<b>March 31, 2021 (Audited)</b>
<b>Expenses</b>		
Advertising and promotion	4,305	1,943
Consulting and management fees (Note 8)	111,935	110,273
Filing fees	20,106	5,885
Foreign exchange loss (gain)	(18)	(4,553)
Interest expense (Note 7)	9,908	2,731
Loss on debt settlement (Note 7, 9)	5,816	-
Office expense	21,104	19,841
Professional fees	8,756	2,915
Rent	14,086	666
Share based compensation (Note 8, 9)	36,076	-
Travel and accommodation	8,892	1,783
Wages and benefits	12,124	-
<b>Total expenses</b>	<b>(253,090)</b>	<b>(141,484)</b>
Interest income	-	-
Forgiven debt	-	-
<b>Net loss for the period</b>	<b>(253,090)</b>	<b>(141,484)</b>
<b>Other Comprehensive Income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation adjustment	(66,334)	-
<b>Total Comprehensive loss for the period</b>	<b>\$ (319,424)</b>	<b>\$ (141,484)</b>
Basic and diluted loss per common share	(0.0025)	(0.0016)
Basic and diluted - weighted average number of common shares outstanding	100,926,329	86,929,206

**ALTAN RIO MINERALS LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS**  
**AS AT MARCH 31, 2022**  
(Expressed in Canadian Dollars) (Unaudited)

	<b>March 31, 2022 (Unaudited)</b>	<b>March 31, 2021 (Audited)</b>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Loss for the period	\$ (253,090)	\$ (122,036)
Items not involving cash:		
Foreign exchange	66,334	(84,368)
Share-based compensation	124,443	-
Loss on debt settlement	5,816	-
Change in non-cash working capital items:		
Receivables	(51,150)	(45,838)
Prepaid expenses and deposits	386	11,006
Accounts payable and accrued liabilities	(27,385)	60,810
Due to/from related parties	-	(14,661)
Net cash used in operating activities	(134,646)	(195,087)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Exploration and evaluation assets acquisition	(503,743)	(496,507)
Due to/from related parties	926	-
Net cash used in investing activities	(502,817)	(496,507)
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		
Proceeds from share issuances	-	100,565
Share subscriptions received	570,213	97,500
Repayment of loans	-	577
Net cash provided by financing activities	570,213	198,642
<b>Change in cash for the period</b>	<b>(67,250)</b>	<b>(492,952)</b>
<b>Impact of foreign exchange on cash</b>	<b>-</b>	<b>-</b>
<b>Cash, beginning of year</b>	<b>192,114</b>	<b>602,143</b>
<b>Cash, end of period</b>	<b>\$124,864</b>	<b>\$109,191</b>
Supplemental cash flow disclosure (Note 11)		

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

**ALTAN RIO MINERALS LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
**AS AT MARCH 31, 2022**  
(Expressed in Canadian Dollars) (Unaudited)

		<u>Share Capital</u>									
	Number of Shares	Amount	Subscriptions Received	Subscriptions Receivable	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity (Deficiency)			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Balance at December 31, 2020</b>	<b>84,929,206</b>	<b>21,902,628</b>	<b>-</b>	<b>(112,500)</b>	<b>2,003,234</b>	<b>(20,328,827)</b>	<b>(923,408)</b>	<b>2,541,127</b>			
Loss for the period	-	-	-	-	-	(1,192,109)	-	(1,192,109)			
Shares issued for private placement	-	-	336,270	97,500	-	-	-	433,770			
Shares issued for mineral properties	4,678,558	483,396	-	-	-	-	-	483,396			
Warrants exercised	10,281,530	768,153	-	-	-	-	-	768,153			
Share-based compensation	-	-	-	-	292,619	-	-	292,619			
Translation adjustment	-	-	-	-	-	-	(154,021)	(154,021)			
<b>Balance at December 31, 2021</b>	<b>99,889,294</b>	<b>23,154,177</b>	<b>336,270</b>	<b>(15,000)</b>	<b>2,295,853</b>	<b>(21,520,936)</b>	<b>(1,077,429)</b>	<b>3,172,935</b>			
Loss for the period	-	-	-	-	-	(253,090)	-	(253,090)			
Shares issued for private placement	-	-	570,213	-	-	-	-	570,213			
Shares issued for debt settlement	1,037,035	124,444	-	-	-	-	-	124,444			
Translation adjustment	-	-	-	-	-	-	66,334	66,334			
<b>Balance at March 31, 2022</b>	<b>100,926,329</b>	<b>23,278,621</b>	<b>906,483</b>	<b>(15,000)</b>	<b>2,295,853</b>	<b>(21,774,026)</b>	<b>(1,011,095)</b>	<b>3,680,836</b>			

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

## ALTAN RIO MINERALS LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(Expressed in Canadian Dollars) (Unaudited)

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#### 1. NATURE AND CONTINUANCE OF OPERATIONS

Altan Rio Minerals Limited (the "Company") 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") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. 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.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Management is actively targeting sources of additional financing through alliances with financial, development and resource entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration and evaluation programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. As at March 31, 2022, the Company had a working capital deficiency of \$768,250, shareholders' surplus of \$3,680,832, and accumulated deficit of \$21,774,028.

These conditions indicate a material uncertainty that may cast a significant doubt about the company'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.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company is currently providing assistance to a significant investor group who have expressed interest in providing equity funds in the near term. Based on the substance of the investor group and their reactions to date, it is the Directors belief that this substantial funding will be forthcoming within the next month. Based on this situation, the Directors believe there will be sufficient funds available for the Company to be able to continue its normal operations and to meet its working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group.

Whilst the Company is in "Cease Trade Order" and is therefore unable to trade on the Toronto Venture Exchange ("the Exchange"), the Company is doing everything necessary to obtain reinstatement to as soon as practical. The first step is the lodgement of these financial statements and management discussion and analysis, and resolution of any queries that the Exchange may have in regard to this reinstatement.

The Company is not aware of any issues that may impede the reinstatement.

## ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(Expressed in Canadian Dollars) (Unaudited)

### 2. BASIS OF PRESENTATION

#### Statement of compliance

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

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

The consolidated financial statements were authorized for issue by the Board of Directors on June 16, 2022.

### 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. Prior to January 1, 2020, the functional currency of Altan Rio Holdings Limited and Altan Rio Limited is the US dollar, the Australian dollar for Altan Rio Minerals (Aust) Pty Ltd. and the Mongolian Tugrik for Altan Rio Mongolia LLC. Management determined that the currency of the primary economic environment in which Altan Rio Holdings Limited, Altan Rio Limited and Altan Rio Mongolia LLC operate changed on change of management and anticipated focus on the Company’s Australian properties. The functional currency determinations were conducted through an analysis of the consideration factors identified in *IAS 21, The Effects of Changes in Foreign Exchange*. Accordingly, the accounts of Altan Rio Minerals (Aust) Pty Ltd. are translated into CAD dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the consolidated statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income/loss.



## **ALTAN RIO MINERALS LIMITED**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

(Expressed in Canadian Dollars) (Unaudited)

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

Transactions in currencies other than the entity's functional currency, are recorded at exchange rates prevailing on the dates of the transactions. At period end, monetary assets and liabilities are translated at the rate in effect on the date of the consolidated statement of financial position. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in loss and comprehensive loss.

##### **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. The Company does not have any cash equivalents in the years presented.

##### **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 on the basis of 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.

## ALTAN RIO MINERALS LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(Expressed in Canadian Dollars) (Unaudited)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (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.

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

	<b>Classification</b>
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

## ALTAN RIO MINERALS LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(Expressed in Canadian Dollars) (Unaudited)

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

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

- 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.

## **ALTAN RIO MINERALS LIMITED**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

(Expressed in Canadian Dollars) (Unaudited)

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

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

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

**ALTAN RIO MINERALS LIMITED**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(Expressed in Canadian Dollars) (Unaudited)

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

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

**4. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
<b>Cash on hand</b>	\$ 124,864	\$ 192,114
<b>Total</b>	<b>\$ 124,864</b>	<b>\$ 192,114</b>

**5. RECEIVABLES**

The Company's receivables are broken down as follows:

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Advances receivable	\$ 461	\$ 128
Sales tax receivable	56,824	29,957
Bond & occupancy costs receivable	86,041	62,091
<b>Total</b>	<b>\$ 143,326</b>	<b>\$ 92,176</b>

**6. EXPLORATION AND EVALUATION ASSETS**

	<b>Southern Cross</b>	<b>Chandman-Yol</b>	<b>TOTAL</b>
<b>Balance, December 31, 2020</b>	<b>2,145,064</b>	<b>92,167</b>	<b>2,237,231</b>
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
<b>Total Costs Incurred During the Year</b>	<b>1,969,247</b>	<b>35,130</b>	<b>2,004,377</b>
Foreign Exchange Movements	(127,713)	-	(127,713)
<b>Balance, December 31, 2021</b>	<b>3,986,598</b>	<b>127,297</b>	<b>4,113,895</b>
Exploration Costs	455,107	-	455,107
<b>Total Costs Incurred During the Period</b>	<b>455,107</b>	<b>-</b>	<b>455,107</b>
Foreign Exchange Movements	48,636	-	48,636
<b>Balance, March 31, 2022</b>	<b>4,490,341</b>	<b>127,297</b>	<b>4,617,638</b>

## ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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### 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

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

The Company's wholly owned subsidiary Altan Rio Minerals (Aust) Pty. Ltd. has entered into a joint venture agreement with Surveyor Resources Pty Ltd. ("Surveyor") to acquire up to an 80% interest in Surveyor's wholly owned Southern Cross North project, located Western Australia.

During the year ended 31 December 2021, the Company paid \$76,666 in full settlement of the first progress payment owing to Surveyor. The Company arranged a part settlement of \$436,776 (\$A468,766) towards the second progress payment (\$A500,000) outstanding to Surveyor. This was offset by exercise of warrants due to expire in the same period. The balance of \$29,351 (A\$31,234) remains outstanding as at March 31st, 2022 and will be settled when mutually agreeable by both parties.

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.

### 7. ADVANCES PAYABLE AND LOANS PAYABLE

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.a).

<b>December 31, 2020</b>	<b>\$</b>	<b>110,849</b>
Additions		323,575
Repayments		(80,486)
Finance Cost		196,416
<b>December 31, 2021</b>	<b>\$</b>	<b>157,522</b>
Finance Cost Amortised		41,497
<b>March 31, 2022</b>	<b>\$</b>	<b>199,019</b>

### 8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

As at March 31, 2022, an amount of \$nil (2021 - \$19,104) is owed from John Jones, a Director of the company, and was repaid in cash.

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

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**8. RELATED PARTY TRANSACTIONS (cont'd...)**

As at March 31, 2022, an amount of \$27,909 (2021 - \$12,605) is owed to Kerry Griffin, a Director of the Company, for geological consulting services.

As at March 31, 2022, an amount of \$nil (2021 - \$31,805) is owed from Evan Jones, a Director of the Company, and was repaid in cash.

As at March 31, 2022, an amount of \$40,473 (2021 - \$18,000) is owed to Robert Williams, an officer of the Company, for accounting services.

As at March 31, 2022, an amount of \$nil (2021 - \$206,202) was due to Altan Nevada Minerals Ltd., a company with Directors in common being John Jones, Evan Jones, Kerry Griffin, and officer Brian Cole in common. The amounts were paid in cash.

As at March 31, 2022 an amount of \$29,351 (2021 - \$116,986) is owed to Surveyor Resources Pty Ltd, a company controlled by a Director of the Company, being John Jones. The outstanding amount and repayments made during the year ended December 31, 2021 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).

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

**Key Management Personnel:**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and other members of key management personnel during the three months ended March 31, 2022 are as follows:

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Management and consulting fees	\$ 111,935	\$ 333,051
Total	<b>\$ 111,935</b>	<b>\$ 333,051</b>

**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) 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.



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

- b) During the quarter ended 30 June 2021, the Company arranged a settlement of the remaining payable of the Second Payment (A\$500,000) to Surveyor. The part payment of \$436,776 (\$A468,766) was offset by exercise of warrants due to expire in the same period. The balance of \$29,104 (A\$31,234) remains outstanding as at December 31, 2021 and will be settled when mutually agreeable by both parties. On July 5, 2021, the Company issued 4,367,758 shares to John Jones, a director of the Company, in connection with an exercise of warrants by Mr. Jones at the value of C\$436,776.
- c) On September 13, 2021 the Company announced that it had entered into a binding option agreement to acquire 90% of E77/2691. The initial cash consideration was paid on September 21, 2021 of A\$110,000 and issuance of the Company's shares valued at A\$50,000 (C\$ 46,620) was completed on October 21, 2021. The Company will hold the option for a period of one year and has the right to extend the initial option period for an additional six months where a further payment is required of A\$50,000. If the Company exercises the option, then an additional payment of A\$250,000 is required and issuance of the Company's shares of A\$250,000 based on a 30-day VWAP at the date prior to the option exercise.
- d) On January 11, 2022, the Company issued 1,037,035 common shares and 1,037,035 common share purchase warrants to satisfy debt settlement agreements with two arms' length vendors for outstanding obligations of C\$124,443. The Company announced on November 8, 2021 the debt would be settled through the issuance of 1,037,035 Shares at a deemed issue price of C\$0.12 per Share and 1,037,035 common share purchase warrants each entitling the holder thereof to acquire one additional Share at a price of C\$0.18 for a period of three years from its date of issue.

**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.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding options, December 31, 2020	5,700,000	\$0.12
Outstanding options, December 31, 2021	5,700,000	\$0.12
Outstanding options, March 31, 2022	5,700,000	\$0.12

The estimated fair value of options granted during the year ended December 31, 2020 was determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, volatility of 124.45%-205.91%, risk-free rate of 0.27%-0.33% and expected life of options of 3-4 years.

No options were granted during the year ended December 31, 2021. The company recorded share-based compensation of \$nil (2020 - \$251,730) for stock options granted and vested during the year ended December 31, 2021.

No options were granted during the three months to March 31, 2022.

As at March 31, 2022, the following stock options were outstanding and exercisable:



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

Number of Stock Options	Exercise Price	Expiry Date
4,200,000	\$0.09	June 26, 2024
1,500,000	\$0.19	December 22, 2023
<b>5,700,000</b>		

**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	\$0.11
Expired	(7,489,005)	
Granted	2,407,248	
Exercised	14,649,288	
Outstanding warrants, December 31, 2021	13,289,940	\$0.15
Granted	1,037,035	
<b>Outstanding warrants, March 31, 2022</b>	<b>14,326,975</b>	<b>\$0.15</b>

As at March 31, 2021, 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
1,037,035	\$0.180	January 11, 2025
<b>14,326,975</b>		

**10. INCOME TAXES**

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

	2021	2020
Loss for the year	\$ (1,192,109)	\$ (1,784,580)
Expected income tax (recovery)	(295,894)	(482,000)
Change in statutory, foreign tax, foreign exchange and other	57,377	159,000
Permanent differences	138,000	138,000
Share issue cost	-	(38,000)
Change in unrecognized deductible temporary differences	100,517	223,000
Total income tax expense	\$ -	\$ -

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**10. INCOME TAXES (cont'd...)**

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:

	2021	Expiry Date Range	2020	Expiry Date Range
<b>Temporary Differences</b>				
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	\$ 7,398,109	2030 to 2041	\$ 6,206,000	2030 to 2040

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 period ended:

	March 31, 2022	December 31, 2021
Shares issued for debt	\$ 124,444	\$ -
Shares issued for mineral properties	-	483,396
	\$ 124,444	\$ 483,396

**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 operations therefore are segmented on a geographic basis.

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

	March 31, 2022	December 31, 2021
Exploration and evaluation assets		
Australia	\$ 4,490,341	\$ 3,986,598
Mongolia	127,297	127,297
	\$ 4,617,638	\$ 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.

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**13. CAPITAL MANAGEMENT (cont'd...)**

There were no changes to the Company's capital management approach during the period ended March 31, 2022. The Company is not subject to any externally imposed requirements.

**14. FINANCIAL INSTRUMENTS**

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

*Credit Risk*

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

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company has cash of \$124,864 (2021 - \$109,192) to settle current liabilities of \$1,046,692 (2021 - \$793,544). 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.

*Financing arrangements*

Unused borrowing facilities at the reporting date:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
Loan	C\$138,675	-
	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.

*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:

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

#### *Sensitivity Analysis*

The Company operates in Australia and Mongolia and is exposed to risk from changes in the Australian dollar, Canadian dollar as 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 period ended March 31, 2022 by approximately \$61,800 (2020 - \$33,272).

### 15. COMMITMENTS AND CONTINGENCIES

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

### 16. USE OF ESTIMATES

#### *Critical Judgments*

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

#### *Key Sources of Estimation Uncertainty*

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

#### *Estimation of fair value of share-based payments*

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

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

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

### 17. SUBSEQUENT EVENTS

On April 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 one common share purchase warrant (each, a "Warrant"), with each Warrant

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**17. SUBSEQUENT EVENTS (cont'd)...**

entitling the holder thereof to purchase one Share for a period of 36 months from closing at a price of C\$0.18 per Share. The Company will be entitled, in its sole discretion, to accelerate the expiry date of the Warrants upon the occurrence of the 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 and issued the Units.

On April 21, 2022, 5,000,000 stock options were issued to certain directors, officers, consultants and employees in accordance with the Company's current equity incentive plan. Each Option is exercisable to acquire one common share (a "Share") of the Company at a price of \$0.20 per Share. The Options have a four-year term and expire on February 9, 2026. The Options vested immediately on the date of grant.

On May 9, 2022, the Exchange suspended trading in the Company's securities as a result of a Cease Trade Order issued by the British Columbia Securities Commission (the "BCSC") for failure to file the Company's audited financial statements, management's discussion and analysis for the financial year ended December 31, 2021 and related certificates (collectively, the "Financial Statements").