

ALTAN RIO MINERALS LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

March 31, 2021
(Unaudited)

Index

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Notice of Non-review of Condensed Interim Consolidated Financial Statements

The attached condensed interim consolidated financial statements for the three-month period ended March 31, 2021 have not been reviewed by the Company's auditors.

ALTAN RIO MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
ASSETS		
Current		
Cash	\$ 109,192	\$ 602,143
Receivables (Note 5)	179,794	133,956
Prepaid expenses and deposits	33,763	44,769
Due from related parties (Note 8)	269,845	255,184
	<u>592,594</u>	<u>1,036,052</u>
Non-Current Assets		
Mineral properties (Note 6)	2,733,738	2,237,231
Total Assets	<u>\$ 3,326,332</u>	<u>\$ 3,273,283</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 620,144	\$ 559,334
Loans payable (Note 7)	111,426	110,849
Due to related parties (Note 8)	61,974	61,974
Total Current Liabilities	<u>793,544</u>	<u>732,157</u>
Non-Current Liabilities		
Loan payable (Note 7)	-	-
Total Liabilities	<u>793,544</u>	<u>732,157</u>
Shareholders' Equity (Deficiency)		
Share capital (Note 9)	22,003,192	21,902,627
Subscriptions received (Note 9)	-	-
Subscriptions receivable	(15,000)	(112,500)
Reserves (Note 9)	2,003,234	2,003,234
Deficit	(20,450,863)	(20,328,827)
Accumulated other comprehensive loss	(1,007,776)	(923,408)
	<u>2,532,787</u>	<u>2,541,126</u>
Total Liabilities and Shareholders' Equity (Deficiency)	<u>\$ 3,326,331</u>	<u>\$ 3,273,283</u>

Approved and authorized by the Board June 3, 2021..

<u>"Paul Stephen"</u>	Director	<u>"John Jones"</u>	Director
Paul Stephen		John Jones	

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

ALTAN RIO MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31
(Expressed in Canadian Dollars)
(Unaudited)

	2021	2020
Expenses		
Advertising and promotion	1,943	1,714
Consulting and management fees (Note 8)	110,273	41,820
Filing fees	5,885	2,782
Foreign exchange gain (loss)	(4,553)	(33,949)
Insurance	-	4,802
Interest expense (Note 7)	2,731	6,178
Loss on debt settlement (Note 7, 9)	0	-
Office expense	19,841	10,325
Professional fees	2,915	-
Rent	666	520
Share based compensation (Note 8, 9)	-	-
Travel and accommodation	1,783	941
Wages and benefits	-	8,684
Total expenses	<u>(141,484)</u>	<u>(43,818)</u>
Interest income	-	3
Net loss for the year	<u>(141,484)</u>	<u>(43,815)</u>
Translation adjustment	-	(22,340)
Comprehensive loss for the year	<u>\$ (141,484)</u>	<u>\$ (66,155)</u>
Basic and diluted loss per common share	(0.00)	(0.00)
Basic and diluted - weighted average number of common shares outstanding	86,929,206	23,243,100

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

ALTAN RIO MINERALS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31
(Expressed in Canadian Dollars)
(Unaudited)

	2021	2020
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the Period	\$ (141,484)	\$ (43,815)
Items not involving cash:		
Foreign exchange	(4,553)	(50,259)
Share-based compensation	-	-
Interest expense	2,731	1,369
Loss on debt settlement	-	-
Change in non-cash working capital items:		
Receivables	45,838	(3,260)
Prepaid expenses and deposits	(11,006)	2,740
Accounts payable and accrued liabilities	60,810	2,478
Due to/from related parties	14,661	(155,742)
Net cash used in operating activities	(33,003)	(246,490)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets acquisition	496,507	(140,729)
Deposit	-	-
Net cash used in investing activities	496,507	(140,729)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from share issuances	100,000	132,075
Share issuance costs	-	-
Share subscriptions received	-	290,335
Repayment of loans	577	-
Loan advances received	-	14,308
Net cash provided by financing activities	100,577	436,717
Change in cash for the Period	564,081	49,499
Impact of foreign exchange on cash	-	(22,340)
Cash, beginning of period	602,143	117,689
Cash, end of year	\$ 109,192	\$ 144,848

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

ALTAN RIO MINERALS LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital				Reserves	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity (Deficiency)
	Number of Shares	Amount	Subscriptions Received	Subscriptions Receivable				
		\$	\$	\$				
Balance at December 31, 2019 (Restated - Note 15)	14,853,840	17,142,326	313,115	-	903,395	(18,544,247)	(899,815)	(1,085,226)
Shares issued for private placement	8,389,267	503,356						503,356
Loss for the period						(141,484)		(141,484)
Translation adjustment							-	-
Balance at March 31, 2020	23,243,107	17,645,682	313,115	-	903,395	(18,685,731)	(899,815)	(723,354)
Shares issued for private placement	33,333,324	2,299,999	(313,115)	(112,500)	-	-	-	1,874,384
Share issuance costs	-	(139,426)	-	-	-	-	-	(139,426)
Shares issued for mineral property	9,553,000	859,770	-	-	-	-	-	859,770
Bonus warrants	-	-	-	-	257,451	-	-	257,451
Shares issued for debt settlement	18,799,775	1,236,602	-	-	590,658	-	-	1,827,260
Share-based compensation	-	-	-	-	251,730	-	-	251,730
Loss for the year	-	-	-	-	-	(1,643,096)	-	(1,643,096)
Translation adjustment	-	-	-	-	-	-	(23,593)	(23,593)
Balance at December 31, 2020	84,929,206	21,902,627	-	(112,500)	2,003,234	(20,328,827)	(923,408)	2,541,126
Warrants Exercised	2,000,000	100,565						100,565
Subscriptions Received			-	97,500			-	97,500
Loss for the period						(141,484)		(141,484)
Translation adjustment							(64,920)	
Balance at March 31, 2021	86,929,206	22,003,192	-	(15,000)	2,003,234	(20,470,311)	(988,328)	2,532,787

(i) After effect of share consolidation on a 1 to 6 basis (Note 9)

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

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited)

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 including its signature project, the Southern Cross North Project (the "SCN Project").

Following the approval of the Company's reactivation application by 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.

On May 5, 2020, the Company completed a consolidation of its common shares on the basis of one post-consolidated share for every six pre-consolidated shares. All current and comparative share capital amounts have been restated to account for the 6:1 share consolidation.

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, 2021, the Company had a working capital surplus of \$200,950, shareholders' surplus of \$2,532,787, and accumulated deficit of \$20,450,863.

These material uncertainties may cast significant doubt as to the ability of the Company to meet its obligations as they come due and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or its ability to raise funds at this time.

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PRESENTATION

Statement of compliance

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

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

The consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2021.

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

Change in presentation currency

Prior to December 31, 2019, the Company reported its annual and quarterly statements of financial position and the related statements of loss and comprehensive loss, cash flows and changes in equity in United States (“U.S.”) dollars. Effective January 1, 2020, the Company changed its reporting currency to the Canadian (“CAD”) dollar to better reflect the Company’s business activities. As a result, and in accordance with International Accounting Standards (“IAS”) 21 The Effects of Changes in Foreign Exchange Rates, the financial statements for all years presented have been translated into CAD dollars. The statements of loss and comprehensive loss and cash flows for each year have been translated in to the presentation currency using the average exchange rate prevailing during each year. All assets and liabilities have been translated using the exchange rate prevailing at the statements of financial position dates. Equity transactions since inception have been translated at the exchange rate in effect on the date of the specific transaction. All resulting exchange differences arising from the translation are included as a separate component of other comprehensive income. All comparative financial information has been restated to reflect the Company’s results as if they had been historically reported in CAD dollars (Note 15).

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited)

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

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.

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.

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:

Deferred Tax Assets & Liabilities

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.

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited)

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

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.

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

ALTAN RIO MINERALS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited)

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

as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives), or the Company has opted to measure them at FVTPL.

Measurement

Financial assets at FVTOCI

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

Financial assets and liabilities at amortized cost

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

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.

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

(Expressed in Canadian Dollars)

(Unaudited)

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

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

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

- 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.

ALTAN RIO MINERALS LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

(Expressed in Canadian Dollars)

(Unaudited)

Income taxes

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

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

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

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.

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

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited)

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.

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 periods presented.

New standards issued but not yet effective

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's condensed interim consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020
Cash	\$ 109,192	\$ 602,143

5. RECEIVABLES

The Company's receivables are broken down as follows:

	March 31, 2021	December 31, 2020
Advances receivable	\$ -	\$ 129
Sales tax receivable	179,794	133,827
Total	\$ 179,794	\$ 133,956

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6. EXPLORATION AND EVALUATION ASSETS**EXPLORATION AND EVALUATION ASSETS**

	Southern Cross	Chandman-Yol	TOTAL
Balance, December 31, 2019	366,043	77,730	443,773
Acquisition Costs	1,108,086	14,437	1,122,523
Exploration Costs			
Assays	42,144	-	42,144
Drilling	267,160	-	267,160
Department of Mines Tenement Costs	64,803	-	64,803
Exploration Costs	33,546	-	33,546
Geological Expenses	286,768	-	286,768
Surveys, Mapping and Geophysics	12,604	-	12,604
Professional Fees			
Legal	19,777	-	19,777
Total Costs Incurred During the Year	1,834,888	14,437	1,849,325
Foreign Exchange Movements	(55,867)	-	(55,867)
Balance, December 31, 2020	\$ 2,145,064	\$ 92,167	\$ 2,237,231
Acquisition Costs	74,654	-	74,654
Exploration Costs			
Assays	33,215	-	33,215
Drilling	234,338	-	234,338
Department of Mines Tenement Costs	23,000	-	23,000
Exploration Costs	-	-	-
Geological Expenses	115,000	-	115,000
Surveys, Mapping and Geophysics	7,300	-	7,300
Professional Fees			
Legal	9,000	-	9,000
Total Costs Incurred for the period	496,507	-	496,507
Foreign Exchange Movements	-	-	-
Balance, March 31, 2021	\$ 2,641,571	\$ 92,167	\$ 2,733,738

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 and with the exception of those noted below, title to all of its interests are in good standing. The exploration and evaluation assets in which the Company has committed to earn an interest are located in Western Australia and Mongolia.

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

Southern Cross Project, Australia

On April 22, 2020, the Company's wholly owned subsidiary Altan Rio Minerals (Aust) Pty. Ltd. ("Altan Rio (Aust)") has entered into a joint venture agreement (the "JVA") with Surveyor Resources Pty Ltd. ("Surveyor") to acquire up to an 80% interest in Surveyor's wholly owned Southern Cross North project (the "Project"), located Western Australia.

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Key terms of the JVA are as follows:

Altan Rio (Aust) may acquire an 80% undivided interest in the Project for a total of \$5,716,480 (A\$6,400,000) (the "Purchase Price") in progress payments over five years (the "Earning Period") on the following terms:

- Payment to Surveyor of \$452,134 (A\$460,000), payable within three months of executing the JVA (paid \$375,468 (A\$382,000) as at December 31, 2020, remaining \$76,666 (A\$78,000) was paid in January 2021).
- Payment to Surveyor of \$982,900 (A\$1,000,000), payable in a combination of cash and common shares of the Company, so long as the cash payment is at least \$491,450 (A\$500,000) (the "Second Payment"). The Second Payment is due on or before the one-year anniversary of the execution of the JVA. As at December 31, 2020, the Company issued 9,533,000 common shares with a fair value of \$859,770 (Note 9) to fulfill A\$500,000 of the Second Payment.
- The balance of the Purchase Price will be spent by Altan Rio (Aust) on exploration of the Project (the "Earn-in Obligation").
- During the earn-in period, Surveyor will grant Altan Rio (Aust) the sole and exclusive right to access and explore the Project. Altan Rio (Aust), as manager of the joint venture between the companies, will determine the nature and content of the exploration program and budget during the earn-in period.
- During the earn-in period, Altan Rio (Aust) has the right, but is not under any obligation, to undertake, incur and satisfy the earn-in obligation in carrying out exploration on the project.

Exploration and Mining Agreement

On June 23, 2020, the Company entered into an exploration and mining agreement with Tianye SXO Gold Mining Pty. Ltd. ("Tianye") over a gold deposit in Western Australia. Tianye is a significant tenement holder in the Southern Cross greenstone belt in Western Australia, and the owner and operator of the Marvel Loch gold processing facility adjacent to the Company's Southern Cross project. Tianye's tenement M77/1049 is excised from Altan Rio's tenement holdings.

Key terms of the agreement are as follows:

- Defined area of mutual interest (AMI) incorporating M77/1049 and equivalent or greater part of the surrounding tenement, Altan Rio's P77/4341;
- The established AMI is for the purpose of exploration, development and exploitation of gold resources;
- The agreement will run for a period of five years, and, if agreed by both parties, it may be extended for an additional two years;
- The Company is responsible for all costs associated with exploration, development and mining activities, at its sole discretion with no minimum expenditures required, with such costs, if any, to be recovered from future mining and processing operations;
- The Company and Tianye will share on a 50:50 basis net profits, if any, from operations under the agreement (after full cost recovery by Altan Rio);
- During the term of the agreement, any gold-mineralized material mined from the AMI will be processed at the Marvel Loch facility pursuant to a toll milling agreement agreed to between the parties.

Chandman-Yol, Mongolia

Licenses were issued to Altan Rio Mongolia LLC on April 17, 2009 and April 24, 2009..

7. ADVANCE PAYABLE AND LOAN PAYABLE

Advances payable are amounts received from Verite Trust Company Limited and Monopond Limited, non-related parties, John Jones, a director of the Company and Porter Street Nominees Pty Ltd., a company controlled by a director of the Company (collectively, the "Creditors") (Note 8). There were no specific terms of interest or repayment on these advances and the loans are unsecured. During the year ended December 31, 2020, the Company entered into

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debt settlement agreements with the Creditors to settle \$857,795 of debt by issuing 14,296,580 common shares and 11,971,626 warrants (Note 9).

On September 9, 2019, the Company entered into a loan agreement with Parkwise Corp. Pty. Ltd. (“Parkwise”) ATF The AKW Trust for an unsecured credit facility of \$200,000 (the “initial loan”). The loan bears interest at a rate of 12.5%, payable monthly in arrears. The loan shall be repaid in full by March 31, 2021. During the year ended December 31, 2020, the Company received an additional loan of \$100,000 (the “additional loan”) and made repayments of \$100,000. In addition, the Company settled \$80,336 of the loan by issuing 1,071,140 common shares as part of a larger shares for debt issuance (Note 9).

In connection with the Parkwise loans, the Company issued 6,000,000 common share purchase warrants to Parkwise (the “Bonus Warrants”), each Bonus Warrant entitles Parkwise to acquire one common share of the Company (each a “Bonus Warrant Share”) (Note 9).

7. ADVANCE PAYABLE AND LOAN PAYABLE (cont’d...)

December 31, 2019	979,926
Additions	100,000
Repayments	(180,393)
Interest expense	28,077
Shares and warrants issued for debt	(779,424)
Loss on debt settlement	16,067
Foreign exchange movement	(53,404)
December 31, 2020	\$ 110,849
Additions	-
Repayments	-
Interest expense	577
Shares and warrants issued for debt	-
Loss on debt settlement	-
Foreign exchange movement	-
March 31, 2021	\$ 111,426

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a. As at March 31, 2021, an amount of \$19,104 (2019 - \$3,212) is owed from John Jones, a Director of the company.
- b. As at March 31, 2021, an amount of \$29,878 (2019-\$58,082) included in advances payables is owed to John Jones, a Director of the Company.
- c. As at March 31, 2021, an amount of \$12,605 (2019 - \$nil) is owed to Kerry Griffin, a Director of the Company.
- d. As at March 31, 2021, an amount of \$31,805 (2019 – payable amount of \$105,514) is owed from Evan Jones, a Director of the Company.
- e. As at March 31, 2021, an amount of \$18,000 (2019 - \$nil) is owed to Robert Williams, the current CFO.

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- f. As at March 31, 2020, an amount of \$9,892 (2019 - \$69,649) was due to Altan Nevada Minerals Ltd., a company with directors and officers in common.
- g. As at March 31, 2021, an amount of \$nil (2019 - \$4,565) is owed to Porter Street Nominees Pty Ltd., a company controlled by a director of the Company.
- h. As at March 31, 2021, an amount of \$nil (2019 - \$6,494) is owed to 0809979 B.C. Ltd., a company with a common director.

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, 2021 and 2020 are as follows:

	2,021	2,020
Management and consulting fees	110,273	41,942
Share Based Compensation	-	-
Total	110,273	41,942

9. SHARE CAPITAL

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

Issued share capital

- a) On February 13, 2020, the Company closed the first tranche of a non-brokered private placement raising gross proceeds of \$503,356 through the sale of 8,389,260 common shares at a price of \$0.06 per share. \$313,115 of the total proceeds were received during the year ended December 31, 2019.
- b) On April 30, 2020, the Company closed the second and final tranche of a non-brokered private placement raising gross proceeds of \$300,000 through the sale of 5,000,000 common shares at a price of \$0.06 per share. In connection with the financing, the Company incurred \$65,436 of cash finders' fees.
- c) In connection with the Parkwise loans (Note 7), the Company issued 6,000,000 share purchase warrants to Parkwise (the "Bonus Warrants") with a fair value of \$257,451. 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 246.63%-322.77%, risk-free rate of 0.28% and expected life of 0.83-1.50 years. Each Bonus Warrant entitles Parkwise to acquire one common share of the Company (each a "Bonus Warrant Share") on the following terms and conditions:
- in connection with the Initial Loan, 4,000,000 Bonus Warrants, each such warrant entitling Parkwise to acquire one Bonus Warrant Share at a price of \$0.06 per share until November 19, 2021; and
 - in connection with the Additional Loan, 2,000,000 Bonus Warrants, each such warrant entitling Parkwise to acquire one Bonus Warrant Share at a price of \$0.05 per share until March 31, 2021.
- d) On May 25, 2020, the Company settled \$857,795 in advances payable and amounts due to related parties through the issuance of 14,296,580 common shares with a fair value of \$857,795 and 11,971,629 common share purchase warrants with a fair value of \$590,658 resulting in a loss on debt settlement of \$590,658. Each warrant entitles the holder to acquire one common share for \$0.10 per share for a period of one year.

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- e) On July 15, 2020, the Company closed a non-brokered private placement raising gross proceeds of \$500,000 through the sale of 8,333,331 units at a price of \$0.06 per unit. Each unit consists of one common share and one-half of a common share purchase warrant. Each full common share purchase warrant entitles the holder to acquire one common share for \$0.10 for a period of one year.
 - f) On October 1, 2020, the Company closed a non-brokered private placement through sale of 20,000,000 units at a price of \$0.075 per share, settling \$100,000 of debt and raising gross proceeds of \$1,400,000. As at December 31, 2020, \$112,500 of the proceeds were not yet received. Each unit consists of one common share and one-half of a common share purchase warrant. Each full common share purchase warrant entitles the holder to acquire one common share for \$0.15 for a period of three years. In connection with this financing, the Company incurred \$73,989 of cash finders' fees.
 - g) On October 1, 2020, the Company settled \$361,740 of debt owing through the issuance of 4,503,195 common shares with a fair value of \$378,807 and 882,593 common share purchase warrants with a fair value of \$66,194 resulting in a loss on debt settlement of \$83,261. Each warrant entitles the holder to acquire one common share for \$0.15 per share for a three-year period.
 - h) On October 13, 2020, the Company issued 9,553,000 common shares with a fair value of \$859,770 in connection with the JVA with Surveyor (Note 6).
 - i) On March 19, 2021, 2,000,000 Warrants were exercised with the company receiving total proceeds of \$100,000. Following the issuance the issued & outstanding capital of Altan Rio Minerals Limited is 86,929,206 common shares.

Stock options

The Company has 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.

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9. SHARE CAPITAL (cont'd)

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

	Number of Options	Weighted Average Exercise Price
Outstanding options, December 31, 2018	160,834	\$0.72
Expired	(160,834)	0.72
Outstanding options, December 31, 2019	-	-
Granted	5,700,000	0.12
Outstanding options, December 31, 2020	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, 2019.

As at December 31, 2020, the following stock options were outstanding and exercisable:

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

Warrants

A summary of share purchase warrant activities is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding warrants, December 31, 2018	-	\$ -
Expired	-	-
Outstanding warrants, December 31, 2019	-	-
Granted	33,020,985	0.11
Outstanding warrants, March 31, 2021	33,020,985	\$0.11

As at March 31, 2021, the following warrants were outstanding and exercisable:

Number of Warrants	Exercise Price	Expiry Date
4,000,000	\$0.06	November 19, 2021
11,971,629	0.10	May 21, 2021**
4,166,665	0.10	July 15, 2021
10,882,692	0.15	October 1, 2023
31,020,985		

** These warrants expired unexercised subsequent to year end.

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INCOME TAXES

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

	2020	2019
Loss for the year	\$ (1,850,774)	\$ (364,401)
Expected income tax (recovery)	(500,000)	(87,000)
Change in statutory, foreign tax, foreign exchange and other	177,000	(31,000)
Permanent differences	138,000	-
Share issue cost	(38,000)	-
Change in unrecognized deductible temporary differences	223,000	118,000
Total income tax expense	\$ -	\$ -

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

	2020	Expiry Date Range	2019	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 92,000	No expiry date	\$ -	-
Share issue costs	112,000	2040 to 2044	-	-
Non-capital losses available for future period	\$ 6,206,000	2030 to 2040	\$ 5,523,000	2030 to 2039

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

11. SUPPLEMENTAL CASH FLOW DISCLOSURE

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

	December 31, 2020	December 31, 2019
Shares issued for debt	\$ 132,405	\$ -
Shares issued for loans payable	779,424	-
Shares issued for amounts due to related parties	324,773	-
Debt reassigned from related party to third party	25,000	-
Shares issued for mineral properties	859,770	-
Exploration expenses in accounts payable	315,637	16,890
	\$ 2,437,009	\$ 415,629

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10. SEGMENT 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:

Exploration and evaluation assets	March 31, 2021	Dec 31, 2020
Australia	2,641,571	2,145,064
Mongolia	92,167	92,167
	2,733,738	2,237,231

Deposit represents an interest-bearing term deposit held as collateral for a corporate credit card.

12. CAPITAL MANAGEMENT

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

There were no changes to the Company's capital management approach during the year ended December 31, 2020. The Company is not subject to any externally imposed requirements.

13. 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, 2021, the Company has cash of \$109,192 (2020 - \$150,542) to settle current liabilities of \$793,544 (2020 - \$1592,532). 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.

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14. FINANCIAL INSTRUMENTS (cont'd)

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.

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 non material expenditure in Mongolia. A simultaneous 10% fluctuation in the Australian dollar against the Canadian dollar would affect accumulated other comprehensive loss for the three months ended March 31, 2021 by approximately \$33,272 (2019 - \$31,600).

14. SUBSEQUENT EVENTS

On May 7, 2021, 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, 2020 and related certificates (collectively, the "Financial Statements"). On June 2, 2021, the Company filed the Financial Statements with the BCSC and other applicable Canadian securities regulators.