ALTAN RIO MINERALS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2020

Report Dated: November 30, 2020

INTRODUCTION

The management's discussion and analysis of financial condition and results of operations ("**MD&A**") focuses upon the activities, results of operations, liquidity and capital resources of Altan Rio Minerals Limited (the "**Company**" or "**Altan Rio**") for the three and nine months ended September 30, 2020. In order to better understand the MD&A it should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2020**.** The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and filed with appropriate regulatory authorities in Canada. This MD&A is current to November 30, 2020 and all dollar amounts contained in this MD&A are expressed in Canadian dollars (C$ or $), United States dollars (US$) or Australian dollars (A$).

Forward-Looking Statements

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

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.sedar.com).

CORPORATE OVERVIEW

The Company is a mineral exploration and development company listed on the TSX Venture Exchange (the "**Exchange**") under the symbol "AMO" and is engaged in the acquisition, exploration, and development of large scale gold and copper 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 the Exchange, the Company was listed as a Tier 2 issuer on the Exchange effective at the commencement of trading on Tuesday, October 6, 2020 (the "**Reactivation**"). Prior to the Reactivation, the Company had been listed on NEX under the symbol "AMO.H".

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.

OPERATIONS

Quarterly Highlights

Share Issuances

On October 13, 2020, Altan Rio issued 9,492,000 common shares in the capital of the Company (the "**Common Shares**") to Surveyor Resources Pty Ltd ("**Surveyor**") at a deemed price of C$0.05 in satisfaction of the half of the amount of a payment due to Surveyor pursuant to the joint venture agreement between the parties.

In connection with the Reactivation, on October 1, 2020, the Company closed a non-brokered private placement (the "**Reactivation Placement**") announced on July 27, 2020 and upsized on September 17, 2020 and September 23, 2020 for gross aggregate proceeds of C$1,500,000 to the Company. The Reactivation Placement consisted of the sale of 20,000,000 units (the "**Units**") at a price of C$0.075 per Unit. Each Unit is comprised of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a "**Warrant**"), with each Warrant entitling the holder thereof to acquire one Common Share at a price of C$0.15 per share for a period of 36 months from the closing date of the Reactivation Placement.

On October 1, the Company also issued an aggregate of 4,503,195 Common Shares at a deemed price of C$0.075 per Common Share to settle an aggregate of C$337,739.88 of indebtedness owed to certain creditors (the "**Debt Settlement**"). Pursuant to the Debt Settlement, an aggregate of 882,693 Warrants were issued to certain of the creditors, each Warrant entitling the holder thereof to acquire one Common Share for C$0.15 per share for a period of 36 months.

On July 15, 2020, the Company closed a non-brokered private placement (the "**NEX Placement**") consisting of 8,333,331 units of the Company (the "**NEX Units**") at a price of C$0.06 per NEX Unit for gross proceeds to the Company of approximately C$500,000. Each NEX Unit was comprised of one Common Share and one-half of one Warrant, each whole Warrant entitling the holder thereof to acquire one Common Share at a price of C$0.10 per share for a period of 12 months from the closing date of the NEX Placement.

Loans

On October 13, 2020, it was announced that the Company had advanced funds to Altan Nevada Minerals Limited in the amount of C$100,000. The loan was repaid, in full, by Altan Nevada Minerals Limited on November 29, 2020.

Discussion of Operations

Southern Cross North Project, Australia

On November 3, the Company provided an exploration update with respect to the historical Pilot Gold Deposit ("**Pilot**") in Western Australia pursuant to its exploration and mining agreement (the "**Pilot Agreement**") with Barto Gold Pty Ltd (**"Barto"**) formerly Tianye SXO Gold Mining Pty Ltd. The Pilot Agreement incorporates Barto's tenement ML77/1049 with a greater areal extent of the surrounding tenement P77/4341 controlled by Altan Rio through its joint venture with Surveyor with respect to the SCN Project. An RC drill program has commenced at the SCN Project with a significant component of the drilling targeting extensions to the Pilot mineralisation.

Since commencement of the Pilot Agreement in June 2020, activities completed by the Company have comprised investigating and capturing all historical surface drilling, underground workings, underground diamond drilling, and where available underground channel sampling incorporating the data into digital format and reviewing this data in a 3D platform. Key outcomes from this work include:

- Identification of mineralisation extending well below the level of historical workings ("4 Level"), 120 metres below surface, with a best reported intercept of 6.09 metres grading 8.46 g/t from 256.04 metres in drillhole DDPS11, this intercept and other intercepts of note have been previously reported (see press release of Altan Rio dated June 25, 2020) and are provided below in Table 1.

- Sampling of the surface diamond drilling was highly selective with large portions of the drillcore unsampled, these drillholes are no longer available. Altan Rio believes there is significant potential for additional zones of gold mineralisation previously unrecognised and not sampled.

- Underground diamond drilling on the lowest level of the underground workings ("**4 Level**"), identified continuous +5 g/t Au mineralisation over approximate 60 metre strike length, refer Figure 3. This mineralisation is untested below this level.

- Mineralisation potential has not been fully evaluated along strike to the north and south and remains open at depth.

On September 3, 2020 the Company provided an update for the SCN Project. RC drilling has confirmed gold mineralization potential at the Glen Innes and Hopes Hill South Prospects with intercepts of:

- 3 metres grading 3.18 g/t Au;
- 4 metres grading 3.16 g/t Au including 2m @ 5.93 g/t Au; and
- 8 metres grading 3.00 g/t Au including 3m @ 7.47 g/t Au.

Planning has commenced for a follow-up drill program to evaluate further the significant mineralization identified by this drilling.

On May 11, 2020, the Company provided an update for the SCN Project. As noted in the Technical Report, the previous owner of the SCN Project and the Company's current joint venture partner, Surveyor, completed eleven (11) RC drill holes for 879m in 2019. Altan Rio has completed analysis of this drilling with encouraging results received from the Corinthia North tenement package.

The eleven holes completed by Surveyor were designed to evaluate the veracity and integrity of the more than 20- year-old legacy exploration data inherited with Southern Cross by Surveyor. Best intercepts from the recent analysis work include:

- 19SSRC004 2 metres @ 7.59 g/t Au from 69 metres
- 5 metres @ 4.20 g/t Au from 77 metres
- 19SSRC006 10 metres @ 0.45 g/t Au from 38 metres
- Including 2 metres @ 1.08 g/t Au from 43 metres
- 19SSRC008 13 metres @ 0.35 g/t Au from 11 metres

In the Technical Report, CSA Global Pty Ltd commented on the significance of the FCSZ within the approximate 28km strike length of Southern Cross and noted the paucity of data below 50 metres vertical depth.

Altan Rio, in its work completed to date, has re-affirmed its interpretation of significant historical drilling being shallow (<50m vertical depth) in nature which has not evaluated the depth potential of the FCSZ, with significant zones of gold anomalism identified by this dominantly shallow drilling remaining to be evaluated.

Verification of the drilling data by the Qualified Person has been undertaken. This verification work included:

- A site visit conducted on October 15, 2019 during which the sites of the RC drill holes were inspected, and their locations verified.
- Drill logs and records compiled by the Surveyor Resources geologist were reviewed.
- Review of the analytical work commissioned by Altan Rio at Intertek Genalysis laboratory in Perth.
- Confirmed the secure storage of all of the 4 metre composite sample and most of the 1m samples at Intertek Genalysis laboratory in Perth between delivery from the drill site in 2019 and their analysis in 2020.

The Company notes, however, that a subset of the 1 metre samples analyzed in 2020 were retrieved from the drill site in 2020 and thus the chain of security for these samples is compromised. The Qualified Person has reviewed the gold assays of these samples against their matching 4 metre composite sample gold assays and determined that results are within expected ranges and can be relied upon.

In the Corinthia North tenement package, drill hole 19SSRC004 successfully confirmed the strong gold anomalism recorded in historical drilling returning 2m @ 7.59 g/t from 69m and 5m @ 4.20 g/t from 77m in highly sheared and altered ultramafics. Historical intersections were 12m @ 0.56 g/t Au in hole 89BSR129, and 1m @ 2.9 g/t Au in hole 88BSR130. This mineralization is open along strike and at depth.

In the Hopes Hill tenement package, drill hole 19SSRC006 drilled below a zone of gold anomalism within logged felsic lithologies, recorded in historical drilling (10m @ 0.21 g/t Au from 19m in hole P028). The drill hole intersected a parallel lode in mafic lithologies returning 10m @ 0.45 g/t from 38m including 2m @ 1.08 g/t from 43m and 5m @ g/t from 58m. These two intercepts combined with the historical intercept suggests a zone of potential mineralization of ~40 metre width which is open with depth.

Next Steps - Drilling

All planning and approvals have been finalized for Altan Rio's maiden drill program at Southern Cross. Drill program designed for the following purposes:

- To evaluate the intercept recorded in 19SSRC004.
- Evaluate strike potential of mineralization immediately south of Hopes Hill.
- A total of 10 holes designed with an additional two holes contingent on approvals (P77/4330 and P77/4337).

Altan Rio is following guidelines recommended by the Western Australian Government to ensure the health and well- being of its contractors in response to COVID-19. The Company does not expect these measures to impact on its first drill program at Southern Cross and it looks forward to reporting of results in due course.

During the period ended September 30, 2020, the Company made aggregate payments of A$60,000 to Surveyor.

Property Risks

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

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

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Overview

The Company did not report any revenue for the period ending September, 2020. The Company is engaged in the exploration of the SCN Project pursuant to its joint venture with Surveyor and in maintaining the Chandman-Yol tenements. Since the previous year end, the Company has focused the majority of its resources on the SCN Project. Accordingly, there has been an increase of C$133,140 in direct expenditures with respect to the SCN Project and C$115,844 on management consultants and administration. This work has been funded by the Company's fundraising activities in the capital markets.

For the three months ended September 30, 2020, the Company did not generate any revenue.

For the three months ended September 30, 2020, the Company incurred a net loss of C$264,603 resulting in a loss per share of C$0.0114. The loss was attributable to operating expenses of C$264,603.

For the three months ended September 30, 2019, the Company did not generate any revenue.

For the three months ended September 30, 2019, the Company incurred a net loss of C$63,705 resulting in a loss per share of C$0.0131. The loss was attributable to operating expenses of C$63,705.

Exploration

The Company capitalizes all exploration costs relating to its resource interests. During the three months ended September 30, 2020, the Company incurred C$133,140 in exploration costs.

- Chandman-Yol C$0
- Southern Cross C$133,140

The Company capitalizes all exploration costs relating to its resource interests. During the three months ended September 30, 2019, the Company incurred C$86,913 in exploration costs.

- Chandman-Yol C$27,422
- Southern Cross C$59,491

Expenses

During the three months ended September 30, 2020, the Company incurred C$129,075 in consulting and management fees, C$447 in foreign exchange gain and C$148,312 in general and administrative expenses.

During the three months ended September 30, 2019, the Company incurred C$11,988 in consulting and management fees, C$3,933 in foreign exchange gain and C$55,110 in general and administrative expenses.

General and administrative expenses consist of computer, dues, insurance, rent, telecommunications, transfer agent and filing fees, wages and benefits, investor relations fees, general office expenses and administrative services related to maintaining the Company's exchange listing and complying with securities regulations. General and administrative expenses also include other office expenses for our subsidiaries.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in US dollars (unless otherwise noted).

	Finance Income	Foreign Exchange Gain / (Loss)	Net Loss	Net Loss per Share (basic & fully diluted)
2020				
Third Quarter	Nil	(C$447)	(C$264,603)	(C$0.01)
Second Quarter	Nil	C$2,816	(C$81,941)	(C$0.035)
First Quarter	Nil	US$24,992	(US$32,255)	(US$0.00)
2019				
Fourth Quarter	Nil	(US$5,050)	(US$161,633)	(US$0.01)
Third Quarter	Nil	US$2,562	(US$48,105)	(US$0.00)
Second Quarter	Nil	(US$4,618)	(US$17,099)	(US$0.00)
First Quarter	Nil	(US$4,887)	(US$22,873)	(US$0.00)
2018				
Fourth Quarter	Nil	US$15,964	(US$6,544)	(US$0.00)

The net loss in the third quarter of 2020 has increased compared to the third quarter of 2019 due to the increase in operating expenses.

The net loss in the second quarter of 2020 has increased compared to the second quarter of 2019 due to increase in operating expenses.

The net loss in the first quarter of 2020 has increased compared to the first quarter of 2019 due to increase in operating expenses.

The net loss in the fourth quarter of 2019 has increased compared to the fourth quarter of 2018 due to the increase in operating expenses.

LIQUIDITY

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

During the three months ended September 30, 2020, the Company's decrease in cash and cash equivalents was C$51,536. Working capital deficits as at September 30, 2020 was C$1,632,946. Current liabilities at September 30, 2020 include an advance payable and loan payable balance of C$1,118,688. These amounts were advanced from Parkwise Corp., 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. There were no specific terms of interest or repayment on these advances and the loans are unsecured. Advanced amount from Parkwise Corp. bears interest at 12.5%, payable monthly in arrears, is unsecured and is due on September 30, 2021.

During the three months ended September 30, 2019, the Company's decrease in cash and cash equivalents was C$64,682. Working capital deficit as at September 30, 2019 was C$1,404,863. Current liabilities at September 30, 2019 include an advance payable balance of C$850,542. This amount was advanced from Verite Trust Company Limited and Monopond Limited, non-related parties and John Jones, a director of the Company. There were no specific terms of interest or repayment on these advances and the loans are unsecured.

CAPITAL RESOURCES

On May 7, 2020, the Company completed a consolidation of its Common Shares at a ratio of six (6) pre-consolidation Common Shares to one (1) post-consolidation Common Share.

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares. No preferred shares have been issued to date. An aggregate of 84,929,206 Common Shares were issued and outstanding as of the date of this MD&A.

Options

The Company has 4,200,000 stock options outstanding as of the date of this MD&A. All such stock options expire in 2024.

Warrants

The Company has 33,020,985 Warrants outstanding as of the date of this MD&A.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY DISCLOSURE

The Company entered into the following transactions with related parties:

1. As at September 30, 2020, an amount of C$99,963 was due by Altan Nevada Minerals Limited, a company with directors and officers in common.
2. As at September 30, 2020, an amount of A$62,717 was due to Surveyor Resources Pty Ltd., a company with a director in common.

These transactions were incurred in the normal course of operations. 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 September 30, 2020 and 2019 are as follows:

	2020	**2019**
Management and consulting fees	C$129,075	C$11,988

RISKS AND UNCERTAINTIES

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

Title Risks

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

Exploration and Development

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

Environmental Regulations, Permits and Licenses

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

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

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

Competition

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

Dependence on Key Personnel

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

Fluctuating Mineral and Metal Prices

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

Future Financings

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

Price Volatility of Publicly Traded Securities

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

CONTRACTUAL AND OTHER OBLIGATIONS

Other than disclosed in this MD&A, at the present time, there are no contractual and other obligations that should be disclosed.

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 3 to the condensed interim consolidated financial statements for the three months ended September 30, 2020. Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and future cash flow.

Exploration and Evaluation Assets

Before legal rights to explore a property have been acquired, costs are expensed as incurred. The Company records exploration and evaluation asset interests, which consist of the right to explore for mineral deposits, at cost. The Company records deferred exploration costs, which consist of costs attributable to the exploration of exploration and evaluation asset interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these exploration and evaluation asset interests are capitalized 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, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property. Management's determination for impairment is based on: 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.

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 flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

Use of Estimates

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

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

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.

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

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

Share-Based Compensation

The Company accounts for stock options granted to directors, officers and employees at the fair value of the options granted. The fair value of stock options granted is determined using the Black-Scholes option pricing model and is recorded as share-based compensation over the vesting period of the stock options. Upon the exercise of the stock options, the related fair value of the stock options is reallocated from reserves to share capital.

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.

Financial instruments

Classification

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

Measurement

Financial assets at FVTOCI

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

Financial assets and liabilities at amortized cost

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

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.

Change in accounting policies - Leases

The Company adopted IFRS 16 which replaced IAS 17 *Leases* and related interpretations, using the modified retrospective method which does not require restatement of prior period financial information. The new standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event of a significant changes in circumstance occurs which affects this assessment. IFRS 16 will result in an increase in assets and liabilities as fewer lease payments will be expensed. Management expects an increase in depreciation expenses and also an increase in cash flow from operating activities as these lease payments will be recorded as financing outflows in the consolidated statements of cash flows. The adoption of IFRS 16 did not have a material impact on the Company's consolidated financial statements.

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 years 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 consolidated financial statements.

FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss and deposit associated with counterparty's inability to fulfill its payment obligations. The Company's cash and cash equivalents 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 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 September 30, 2020, the Company has cash and cash equivalents of C$177,303 to settle current liabilities of C$499,712. As disclosed in Note 1 of condensed interim consolidated financial statements for the three and six months ended September 30, 2020, the Company will need to raise additional funds to meet its obligations as they come due. The Company is exposed to liquidity risk.

Market Risk

1. *Interest rate risk*

The Company has cash and cash equivalent 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.

2. *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, 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.

3. *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 is exposed to risk from changes in the Australian dollar. A simultaneous 10% fluctuation in the Australian dollar against the Canadian dollar would affect accumulated other comprehensive loss for the three months ended September 30, 2020 by approximately C$5,000.