ALTAN RIO MINERALS LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in Canadian Dollars)

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 years ended December 31, 2020 and 2019. In order to better understand the MD&A it should be read in conjunction with the audited consolidated financial statements and related notes for the years ended December 31, 2020 and 2019. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with appropriate regulatory authorities in Canada. This MD&A is current to June 2, 2021 and dollar amounts contained in this MD&A are expressed in Canadian dollars, except as otherwise disclosed.

Forward-Looking Statements

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

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents of the Company including, but not limited to, all documents filed on the Company's SEDAR profile at 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 mineral projects in Western Australia and Mongolia, including the Company's signature project, the Southern Cross North project (the "SCN Project").

Following the approval of the Company's reactivation application to 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 was listed on the 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.Our experienced technical team is supported by: John Jones AM, Chairman & Director, who has over thirty years of experience in the international mining sector; Paul Stephen, CEO, Corporate Secretary & Director, who has over 20 years of extensive operational experience in mine development and exploration with a strong knowledge of global capital markets and a track record of having access to funding for all levels of resource projects and mining services operations; Bob Williams, CFO, with over 30 years of experience in corporate finance, accounting and investment banking; Evan Jones, Director, with twelve years of experience in corporate advisory and commercial management in mining; Kerry Griffin, Technical Director, with 18 years professional experience in mining geology, resource development and exploration in Australia, Southern Africa, South America and Mongolia; and James Harris, Director, with over 30 years of experience in the management of construction and engineering projects in Australia and overseas and has extensive experience as a director of various business.

Greg Wilson is the key geological consultant for the company with over 30 years of experience as a geologist, Mr. Wilson has a proven track record in the discovery and development of mineral deposits across exploration, project development, business development and corporate management. He has extensive experience working on many projects throughout Western Australia, particularly in the Eastern Goldfields. His expertise in Archaean lode/orogenic gold enhanced targeting through litho-structural analysis has resulted in the identification of in excess of 4.0 million ounces of gold. Keith Ross is the companies Vice President Mining Operations. Mr Ross brings over 37 years of global mining experience in mine project and operational management across gold, iron ore and nickel sectors. He possesses substantial experience in starting up and managing mining operations with a workforce of over 200 people and has conducted feasibility studies, issued mining and plant construction contracts, and coordinated approvals with local and state government authorities. His experience also includes negotiating native title with local indigenous people, establishing low-cost mining operations with tight financial control under difficult conditions and assisting in setting up and managing projects in South America and conducting due diligent studies on projects in Australia, New Zealand, Africa, and Asia.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic, which has continued to spread, and any related adverse public health developments, has adversely affected businesses, workforces, customers, economies, and financial markets globally. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic remain unknown at this time. It is not possible for the Company to reliably predict the duration or magnitude of the effects of the COVID-19 pandemic on the Company's business, financial results, or ability to raise funds at this time.

SUMMARY OF KEY EVENTS

On February 7, 2020, the Company announced a non-brokered private placement of up to $1,000,000, and will consolidate its common shares on a basis of 1-to-6 after the closing of the private placement.

On February 13, 2020, the Company closed the first tranche of its previously announced non-brokered private placement of up to $1,000,000. The first tranche of the private placement raised gross proceeds of $503,356 through the sale of 5,389,260 common shares at a price of C$0.06 per share. $313,115 of the total proceeds were received during the year ended December 31, 2019.

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 in the Southern Cross greenstone belt in the Yilgarn province of Western Australia, pursuant to the previously disclosed binding term sheet entered into between Altan Rio (Aust) and Surveyor on September 25, 2019.

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 C$0.06 per Common Share.

On May 5, 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 Shares. All current and comparative share capital amounts have been restated to account for the 6:1 consolidation. The Common Shares commenced trading on the NEX on a post-consolidation basis at the start of trading on May 7, 2020.

On May 25, 2020, the Company settled an aggregate of $857,795 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of an aggregate of 14,296,580 Common Shares with a fair value of $857,795 and an aggregate of 11,971,629 common share purchase warrants with a fair value of $857,795. Each such warrant entitles the holder to acquire one Common Share at a price of $0.10 per share for a period of twelve months (the "May Debt Settlement"). Pursuant to the May Debt Settlement, 6,692,709 Common Shares and 4,367,758 common share purchase warrants were issued to directors of the Company.

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

In connection with the Reactivation, on October 1, 2020, the Company closed a non-brokered private placement (the "Reactivation Placement") for aggregate gross proceeds of $1,500,000 to the Company. Of the total proceeds, $100,000 was applied towards debt owing to a third party. The Reactivation Placement consisted of the sale of 20,000,000 units (the "Reactivation Units") at a price of C$0.075 per Reactivation Unit. Each Reactivation Unit is comprised of one Common Share and one-half of one common share purchase warrant (each whole warrant, a "Reactivation Warrant"), with each Reactivation Warrant entitling the holder thereof to acquire one Common Share at a price of $0.15 for a period of 36 months from the closing date of the Reactivation Placement.

In addition, on October 1, 2020, the Company settled $361,740 of debt owing through the issuance of 4,503,195 common shares and 882,593 common share purchase warrants with a fair value of $378,807 resulting in a loss on debt settlement of $17,067.Each warrant entitles the holder thereof to acquire one Common Share for $0.15 for a period of 36 months.

On October 13, 2020, the Company issued 9,553,000 Common Shares to Surveyor Resources Pty Ltd. ("Surveyor") with a fair value of $859,770 for partial satisfaction of a payment due to Surveyor under the JVA (as defined below). Pursuant to the terms of the JVA, Altan Rio (Aust), the Company's wholly-owned subsidiary, must pay Surveyor A$1,000,000 by April 22, 2021. The Common Shares issued to Surveyor on October 13, 2020 satisfy half of Altan Rio (Aust)'s obligation to Surveyor, being A$500,000.

SHARE CAPITAL

Share Capital

As at December 31, 2029, the Company had 14,853,835 common shares in the capital of the Company (each, a "Common Share") outstanding.

As at December 31, 2020, the Company had 84,923,206 common shares in the capital of the Company (each, a "Common Share") outstanding.

As of the date of this MD&A, the Company has 86,923,206 Common Shares outstanding.

Options

As at the date of this MD&A, the Company has 5,700,000 stock options outstanding.

Warrants

As of the date of this MD&A, the Company has 31,020,985 common share purchase warrants outstanding.

LOANS OUTSTANDING

On May 19, 2020, Parkwise Corporation Pty Ltd. ("Parkwise") advanced the Company an additional loan of $100,000 (the "Additional Loan") pursuant to a loan agreement between the Company and Parkwise dated September 9, 2019. As previously disclosed, Parkwise initially advanced the Company an unsecured credit facility of $200,000 in two equal tranches (the "Initial Loan", and together with the Additional Loan, the "Loans"). In connection with the Loans, the Company issued 6,000,000 common share purchase warrants to Parkwise (the "Bonus Warrants"), each Bonus Warrant entitling Parkwise to acquire one Common Share (each, a "Bonus Warrant Share") on the following terms and conditions:

- in connection with the Initial Loan, 4,000,000 Bonus Warrants, each such Bonus Warrant entitling Parkwise to acquire one Bonus Warrant Share at a price of C$0.06 until November 19, 2021; and
- in connection with the Additional Loan, 2,000,000 Bonus Warrants, each such Bonus Warrant entitling Parkwise to acquire one Bonus Warrant Share at a price of C$0.05 until March 31, 2021.

OPERATIONS

The following summary of the Company's operations is qualified by the fact that the terms and commitments of the Company with respect to its exploration and evaluation assets are subject to change if and when the Company and its partners mutually agree to new terms and conditions.

Southern Cross North Project, Australia

On April 22, 2020, the Company's wholly-owned subsidiary, Altan Rio Minerals (Aust) Pty Ltd. ("Altan Rio (Aust)"), entered into a joint venture agreement (the "JVA") with Surveyor to acquire up to an 80% interest in Surveyor's wholly-owned SCN Project (the "Joint Venture"), located in the Southern Cross greenstone belt in the Yilgarn province of Western Australia.

Pursuant to the JVA, Altan Rio (Aust) may acquire up to an 80% undivided interest in the SCN Project for a total of A$6,400,000 (C$$5,716,480) (the "Purchase Price") in progress payments over five years (the "Earn-in 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 SCN 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 SCN Project. Altan Rio (Aust), as manager of the Joint Venture, 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 not the obligation, to undertake, incur and satisfy the Earn-in Obligation in carrying out exploration on the SCN Project.

The SCN Project, located 360 km east of Perth, Western Australia, comprises 14 exploration tenements covering approximately 23.7 km^2 which are prospective for gold. The SCN Project is located on agricultural land immediately north of the town of Southern Cross, Australia, which provides a suitable base for exploration. Electrical transmission lines, water pipeline, bitumen roads, and mine haul roads traverse the SCN Project area, and a major highway and a national railway pass through Southern Cross. The regional mining centre of Kalgoorlie lies 220 km to the east. Two gold mineral processing facilities, operated by third parties, are located within 75 km of the SCN Project, at Marvel Loch and Westonia. These mills have existing arrangements in place for the toll treatment of gold mineralization of third-party miners.

On April 29, 2020 the Company announced that it had filed a National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") technical report for the Southern Cross North Property (the "Property"), located 360 km east of Perth, Western Australia, entitled "NI 43-101 Technical Report Altan Rio Minerals Limited – Southern Cross North Property, Western Australia" with an effective date of November 18, 2019 (the "Technical Report"). The Technical Report was prepared by Neal Leggo, BSc Hons, MAIG, MSEG, Principal Geologist, CSA Global Pty Ltd, a "Qualified Person" as defined under NI 43-101 and independent of Altan Rio. And is available on the company's web page www.altanrio.com

On May 11, 2020, the Company provided an update for the SCN Project. As noted in the National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") technical report dated April 29, 2020 (the "Technical Report") in respect of the SCN Project, 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. The Company has completed analysis of this drilling with encouraging results received from the Corinthia North tenement package. The Technical Report was prepared by Mr. Neal Leggo, Principal Geologist, CSA Global Pty Ltd., a member of the Australian Institute of Geoscientists. Mr. Neal Leggo is an independent "Qualified Person", as such term is defined in NI 43-101.

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.

The Company, 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 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.

On September 3, 2020 the Company provided an update on exploration activities conducted at the SCN Project. RC drilling comprising 12 holes totalling 1,752 metres was completed at the Glen Innes Prospect, Hopes Hill South Prospect and other regional targets. The RC drilling has confirmed gold mineralization potential at the Glen Innes Prospect and Hopes Hill South Prospect 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.

Pilot Project, Western Australia

On June 23, 2020, the Company entered into an exploration and mining (the "Pilot Agreement") with Barto Gold Pty Ltd. (formerly Tianye SXO Gold Mining Pty Ltd.) ("Barto") over the historical Pilot gold deposit ("Pilot") in Western Australia.

Barto is a significant tenement holder in the Southern Cross Southern Cross Greenstone Belt in Western Australia and is also the owner and operator of the Marvel Loch gold processing facility (the "Marvel Loch Facility"), 35 kilometres south of Southern Cross townsite. The Company's SCN Project covers some 28 kilometres of the gold rich Frasers Corinthian Shear Zone in the Southern Cross Greenstone Belt. Barto's tenement M77/1049 is excised from the Company's tenement holdings.

Key terms of the Pilot 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 Pilot Agreement will run for a period of five years and if agreed to by both parties, it may be extended for an additional two years.

- The Company agreed to meet 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 Barto will share, on a 50:50 basis, net profits, if any, from operations under the Pilot Agreement (after full cost recovery by the Company).

- During the term of the Pilot 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 (subject to the Marvel Loch Facility, at all reasonable times, being able to process the gold mineralized material in accordance with such toll milling agreement).

On November 3, 2020, the Company provided an exploration update with respect to Pilot. The Pilot Agreement incorporates Barto's tenement ML77/1049 with a greater areal extent of the surrounding tenement P77/4341 controlled by the Company 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 the Company dated June 25, 2020).

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

- Underground diamond drilling on the 4 Level identified continuous +5 g/t Au mineralisation over approximate 60 metre strike length. 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.

CORPORATE

Directors and Officers

John L.C. Jones, Chairman & Director – Mr. J. Jones has served as Chairman and Director of Altan Rio Minerals Limited since its inception. He has been a prominent player in the international mining sector for over forty years with a long list of successes. Mr. J. Jones' guiding involvement in four companies (Troy Resources NL, Anglo Australian Resources NL, North Kalgurli Mines Limited, and Jones Mining NL) led to the discovery of four deposits and the development of eight mines.

Paul Stephen, CEO, Corporate Secretary & Director – Mr. Stephen has served as Chief Executive Officer, Corporate Secretary and Director for Altan Rio Minerals since May 2019. He has held directorships across both ASX and London publicly listed companies and has a strong knowledge of operations and compliance across multiple jurisdictions. Mr. Stephen, Co-founder and Executive Director of Crusader Resources Ltd, oversaw the discovery, development and operations of the Posse Iron Ore mine in Brazil. In addition, Mr. Stephen managed the discovery and delineation of over 2.6 million ounces of gold whilst operating in Brazil resulting in the company being valued at over $160M. Mr. Stephen has extensive operational experience in mine site servicing and contracting as a founder and Managing Director of Integrated Fuel Services a West Australian company specializing in providing fuel services to mining and aviation throughout Western Australia.

Evan Jones, Director – Mr. E. Jones has served as Chief Executive Officer, President and Director of Altan Rio Minerals Limited since its inception. In May 2019, Mr. E. Jones resigned as Chief Executive Officer and continued to serve as a non-executive Director of the Company. He has twelve years of experience in corporate advisory and commercial management in the mining industry, including six years based in developing countries. With experience in both private and public mineral exploration companies, Mr. E. Jones has a proven ability to build business networks and negotiate opportunities.

Bob Williams, CFO – Mr. Williams has served as Chief Financial Officer for Altan Rio Minerals since April 2020. He is an executive with over 50 years of experience working in financial management and cost control positions. He has held the position of CFO/head office accountant in the stock and station industry and 30 years in public accounting.

James Harris, Director – Mr. Harris has served as Director for Altan Rio Minerals Limited since November 2019. He is an experienced executive in the management of construction and engineering projects in Australia and overseas. He is an executive director of Swanline Developments Pty Ltd., a privately owned Australian company focused on property development and investment, project management, and business investment. Mr. Harris has worked for 10 years for both Alcoa of Australia Ltd., which operates one of the world's largest integrated bauxite mining, alumina refining and aluminum smelting systems, and the United Group Ltd., an Australian engineering company. Mr. Harris also has extensive experience as a director of various businesses. Mr. Harris' qualifications are in legal studies and public administration.

Kerry Griffin, Director – Mr. Griffin has 24 years experience in mining geology, resource development and exploration in Australia, Africa, South/Central America and Asia including more than 18 years in senior roles with such companies as Newcrest Mining, Sons of Gwalia, Consolidated Minerals, Ivanhoe Mines, Aspire Mining Ltd., Haranga Resources Ltd., Lindian Resources Ltd. and Latin Resources Ltd.

Greg Wilson, Key Geological Consultant. With over 30 years of experience as a geologist, Mr Wilson has a proven track record in the discovery and development of mineral deposits across exploration, project development, business development and corporate management. He has extensive experience working on many projects throughout Western Australia, particularly in the Eastern Goldfields. His expertise in Archaean lode/orogenic gold enhanced targeting through litho-structural analysis has resulted in the identification of in excess of 4.0 million ounces of gold.

Keith Ross, Vice President Mining Operations. Mr Ross brings over 37 years of global mining experience in mine project and operational management across gold, iron ore and nickel sectors. He possesses substantial experience in starting up and managing mining operations with a workforce of over 200 people and has conducted feasibility studies, issued mining and plant construction contracts and coordinated approvals with local and state government authorities. His experience also includes negotiating native title with local indigenous people, establishing low cost mining operations with tight financial control under difficult conditions and assisting in setting up and managing projects in South America and conducting due diligent studies on projects in Australia, New Zealand, Africa and Asia.

David Talbot, Strategic Advisor – North America. Initially, Mr Talbot was a mining engineer, with operating experience in South Africa, Australia and Europe. He gravitated to the finance industry where he held many roles in global investment banks such as Deutsche Bank and BNP Paribas. Mr Talbot led the institutional energy sales business at leading private oil and gas research firm John S. Herold Inc. before its sale to IHS Markit in 2007. He spent ten years with Global Asset Manager, McKinley Capital as Director of Investments. Mr Talbot lives in Westport, CT and works in the New York Tri-state area.

MANAGEMENT CHANGES

On April 24, 2020, the Company appointed Bob Williams as the Company's chief financial officer, effective immediately.

SELECTED ANNUAL INFORMATION

During 2020, the Company changed its presentation currency to the Canadian Dollar ("CAD") from the US Dollar ("USD"). The Company has determined that this change in presentation currency better reflects the Company's current activities, increases the comparability to peer companies, and enhances the relevance of the financial statements to users. The Company applied the change in presentation currency retrospectively and restated the comparative financial information as if the presentation currency had always been CAD. Please refer to note 3 and 15 of the audited consolidated financial statements for the year ended December 31, 2020

The following table sets forth selected consolidated information of the Company at December 31 for each of the three most recently completed financial years prepared in accordance with International Financial Reporting Standards. The selected consolidated financial information should be read in conjunction with the Audited Consolidated Financial Statements of the Company.

		2020		2019 (restated)		2018 (restated)
Finance income	$	3,301	$	3	$	91
Net loss		(1,784,580)		(364,404)		(61,583)
Net loss per share, basic and fully diluted		(0.04)		(0.02)		(0.00)
Cash		602,143		134,827		5,420
Total assets		3,273,283		622,807		64,853

The Company is at the exploration stage. The Company recorded a foreign exchange loss of $56,733 during the year ended December 31, 2020, a foreign exchange gain of $15,913 during the year ended December 31, 2019, and a foreign exchange loss of $15,577 during the year ended December 31, 2018.

The increase in net loss in 2020 was mainly due to higher operating expenses incurred during the year as compared to the prior year.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Overview

The Company is engaged in the exploration of the SCN Project pursuant to the 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 $1,550,328 in direct expenditures with respect to the SCN Project and $1,779,021 on management fees, consultants and administration. This work has been funded by the Company's fundraising activities in the capital markets.

For the 12 months ended December 31, 2020, the Company did not generate any revenue.

Exploration

The Company capitalizes all exploration costs relating to its resource interests. During the year ended December 31, 2020, the Company incurred $1,793,458in exploration of its Australia and Mongolia properties.

Southern Cross	$ 1,779,021
Chandman-Yol	$ 14,437

During the year ended December 31, 2019, the Company incurred $3332,066 in exploration on its Mongolia and Australia properties.

Chandman-Yol	$ 43,475
Southern Cross	$ 366,043

Expenses

During the three months ended December 31, 2020, the Company incurred $77,728 in consulting and management fees, $15,161 in interest expense, $5,443 in travel and entertainment, $18,908 in foreign exchange gain, and $11,567 in office expenses.

During the year ended December 31, 2020, the Company incurred $12,039 in advertising and promotion, $289,888 in consulting and management fees, $231,391 in professional fees, $28,077 in interest expense, $21,086 in travel and entertainment, $56,733 in foreign exchange loss, and $65,472 in office expenses.

During the three months ended December 31, 2019, the Company incurred $160,529 in consulting and management fees, $5,162 in professional fees, $4,406 in interest expense, $1,787 in travel and entertainment, $6,559 in foreign exchange gain, and $31,487 in general and administrative expenses.

During the year ended December 31, 2019, the Company incurred $8,561 in advertising and promotion, $226,578 in consulting and management fees, $41,924 in professional fees, $6,249 in interest expense, $10,997 in travel and entertainment, $15,913 in foreign exchange gain, and $22,337 in general and administrative expenses.

CHANGES IN ACCOUNTING POLICIES AND OTHER CHANGES

Presentation currency

During 2020, the Company changed its presentation currency to CAD from USD. The Company has determined that this change in presentation currency better reflects the Company's current activities, increases the comparability to peer companies, and enhances the relevance of the financial statements to users. The Company applied the change in presentation currency retrospectively and restated the comparative financial information as if the presentation currency had always been CAD in accordance with International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Error.

Functional currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and Altan Rio Holdings Canada Limited 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*.

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.

Property Risks

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

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.

Readers should review the more detailed discussion of such risk factors set out in the Company's Long Form Prospectus under the heading "Risk Factors", which is filed on SEDAR and may be found at www.sedar.com.

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 Canadian dollars (unless otherwise noted).

	Foreign Exchange Gain/ (Loss)	Net Loss	Net Loss per Share (basic & fully diluted)
2020			
Fourth Quarter	$ (92,456)	$ (1,357,750)	(0.04)
Third Quarter	(447)	(264,156)	(0.00)
Second Quarter	2,816	(84,757)	(0.00)
First Quarter	35,456	(81,218)	(0.00)
2019			
Fourth Quarter	$ 25,094	$ (247,601)	(0.01)
Third Quarter	3,393	(63,075)	(0.00)
Second Quarter	(6,077)	(22,920)	(0.00)
First Quarter	(6,497)	(30,805)	(0.00)

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

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 the increase in operating expenses.

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

LIQUIDITY AND CAPITAL RESOURCES

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

During the year ended December 31, 2020, the Company's increase in cash was $441,939. Working capital surplus as at December 31, 2020 was $303,895. Current liabilities at December 31, 2020 was $732,157 which includes a loan payable to Parkwise that bears interest at 12.5%, payable monthly in arrears, unsecured and is due on March 31, 2021.

During the year ended December 31, 2019, the Company's increase in cash was $129,407. Working capital deficit as at December 31, 2019 was $1,297,508. Current liabilities at December 31, 2019 was $1,465,590 which includes loans payable to Parkwise, 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. Loan amount from Parkwise bears interest at 12.5%, payable monthly in arrears, unsecured and is due on March 31, 2021.

CONTRACTUAL AND OTHER OBLIGATIONS

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.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY DISCLOSURE

As at December 31, 2020, an amount of $19,104 (2019 - $3,212) is owed from John Jones, a Director of the company.

As at December 31, 2020, an amount of $29,878 (2019-$58,082) included in advances payables is owed to John Jones, a Director of the Company.

As at December 31, 2020, an amount of $12,605 (2019 - $nil) is owed to Kerry Griffin, a Director of the Company.

As at December 31, 2020, an amount of $31,805 (2019 – payable amount of $105,514) is owed from Evan Jones, a Director of the Company.

As at December 31, 2020, an amount of $18,000 (2019 - $nil) is owed to Robert Williams, an officer of the Company.

As at December 31, 2020, an amount of $9,892 (2019 - $69,649) was due to Altan Nevada Minerals Limited, a company with directors and officers in common.

As at December 31, 2020, the Company accrued $nil (2019 - $47,908) and owes $nil (2019 - $248,798) to management companies controlled by the former CFO.

As at December 31, 2020, an amount of $nil (2019 - $4,565) is owed to Porter Street Nominees Pty Ltd., a company controlled by a director of the Company.

As at December 31, 2020, an amount of $nil (2019 - $6,494) is owed to 0809979 B.C. Ltd., a company with a common director.

During the year ended December 31, 2020, the Company settled $262,066 in advances payable to related parties and $264,497 in due to related parties through the issuance of 8,359,375 common shares and 4,367,758 common share purchase warrants at a price of $0.10 per share. In addition, $125,000 of debt owed to a related party was reassigned to a third party, of which $100,000 was settled through issuance of 100,000 common shares at a price of $0.075 per share (Note 9) and $25,000 remains outstanding at year end.

As at December 31, 2020, an amount of $255,184 (2019 - $15,865) is owed from Altan Nevada Minerals Limited, a company related by way of common directors and officers.

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 years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Management and consulting fees	$ 289,170	$ 195,759
Share-based compensation	199,945	-
Total	$ 489,155	$ 195,759

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 3 to the consolidated financial statements for the year ended December 31, 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:

<u>Deferred Tax Assets & Liabilities</u>

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

<u>Economic Recoverability and Probability of Future Economic Benefits of Exploration and Evaluation Assets</u>

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 SCN 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.

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.

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:

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

Credit Risk

Credit risk is the risk of loss and deposit 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. Management believes the Company has no significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company has cash of $602,143 (2019 - $134,827) to settle current liabilities of $732,157 (2019 - $1,465,590). 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.

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 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.

b) 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.

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 year ended December 31, 2020 by approximately $31,600 (2019 - $20,800).

OUTSTANDING SHARE DATA

During the year ended December 31, 2020, the Company consolidated the Common Shares on a six to one basis. All share figures have been retroactively adjusted to reflect the share consolidation.

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 86,929,206 Common Shares were issued and outstanding as of the date of this MD&A.

The Company has 31,020,985 share purchase warrants outstanding as of the date of this MD&A.

The Company has 5,700,000 stock options outstanding as of the date of this MD&A.

SUBSEQUENT EVENTS

On January 29, 2021, the company made a payment to Surveyor Resources of $76,666 (A$78,000) completing the previous expenditure portion of the JVA.

On March 10, 2021, the Company provided an update on drilling activities and results received at Pilot pursuant to the Pilot Agreement with Barto. At Pilot, drilling has been completed on the initial ten RC drillhole program. This program was designed to test for mineralisation potential along strike of the existing pit and the estimated depth limits for expansion of the current open pit. One hole (PARC010) was designed to evaluate the interpreted down plunge potential of the high-grade mineralisation defined by underground diamond drilling at the "4 Level" (120mbs) in the historical underground workings. Drilling at Pilot has confirmed continuation of high-grade mineralisation some 40 to 60 metres beneath the level of the historical workings.

On March 19, 2021, warrants to purchase 2,000,000 common shares at $0.05 per share were exercised for gross proceeds of $100,000.

On March 23, 2021, the Company provided results from a downhole electromagnetic ("DHEM") geophysical survey completed at Pilot. Following the completion of the Phase 1 drilling campaign at Pilot, the Company conducted a geological review of all technical information obtained from the drill program. The review noted significant gold mineralisation was associated with sulphide assemblages which were pyrrhotite dominant and generally ~2% disseminated.

On April 19, 2021, the Company appointed David Talbot as Strategic Advisor – North America. Initially, Mr. Talbot was a mining engineer with operating experience in South Africa, Australia and Europe. He gravitated to the finance industry where he held many roles in global investment banks such as Deutsche Bank and BNP Paribas.

On April 20, 2021 the Company appointed Keith Ross as Vice President of Mining Operations. Mr. Ross brings over 37 years of global mining experience in mine project and operational management across gold, iron ore and nickel sectors. The company has also bolstered its on-the-ground team at the SCN Project with Greg Wilson appointed as Altan Rio's key geological consultant. With over 30 years of experience as a geologist, Mr. Wilson has a proven record in the discovery and development of mineral deposits across exploration, project development, business development and corporate management.

All company announcements are filed on SEDAR and may be found at www.sedar.com. Or the companies WEB page www.altanrio.com