ALTAN RIO MINERALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US dollars)

December 31, 2018

Index

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Altan Rio Minerals Limited

Opinion

We have audited the accompanying consolidated financial statements of Altan Rio Minerals Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Altan Rio Minerals Limited as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates as at December 31, 2018, the Company had a working capital deficit of $888,929, shareholders' deficiency of $863,263 and accumulated deficit of $14,188,884. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's, Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

April 30, 2019

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

	December 31, 2018	December 31, 2017
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 3,974	$ 8,607
Receivables (Note 5)	15,924	14,300
Prepaid expenses and deposits	1,223	8,011
Due from related parties (Note 8)	1,311	1,311
	22,432	32,229
Exploration and evaluation assets (Note 6)	25,106	-
	25,106	-
	$ 47,538	$ 32,229
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	$ 93,835	$ 113,257
Advance payable (Note 7)	558,625	521,627
Due to related parties (Note 8)	258,901	217,502
	911,361	852,386
Shareholders' Deficiency		
Share capital (Note 9)	15,580,723	15,580,723
Reserves	892,299	892,299
Deficit	(14,188,884)	(14,141,355)
Accumulated other comprehensive loss	(3,147,961)	(3,151,824)
	(863,823)	(820,157)
	$ 47,538	$ 32,229

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on April 30, 2019.

"Evan Jones"	Director	*"John Jones"*	Director
Evan Jones		John Jones	

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

ALTAN RIO MINERALS LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31,
(Expressed in US Dollars)

	2018	2017
EXPENSES		
Consulting and management fees (Note 8)	$ 36,974	$ 38,819
Foreign exchange (gain) loss	(18,641)	3,243
Insurance	3,895	5,493
Office expenses	7,252	14,229
Professional fees (recovery)	(970)	21,185
Rent	3,149	3,987
Transfer agent and filing fees	14,379	9,696
Travel and entertainment	1,476	2,265
Wages and benefits	4,111	3,456
	(51,625)	(102,373)
Finance income	70	115
Gain on disposal of equipment	4,026	-
	4,096	115
Net loss for the year	(47,529)	(102,258)
Translation adjustment	3,863	(33,914)
Comprehensive loss for the year	$ (43,666)	$ (136,172)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	89,123,009	89,123,009

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

ALTAN RIO MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
(Expressed in US Dollars)

	2018	2017
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	$ (47,529)	$ (102,258)
Items not involving cash:		
Gain on disposal of equipment	(4,026)	-
Foreign exchange	(26,502)	56,291
Change in non-cash working capital items:		
Receivables	(3,438)	(3,070)
Prepaid expenses and deposits	6,788	(1,540)
Accounts payable and accrued liabilities	(3,858)	4,162
Due to/from related parties	52,165	26,080
Net cash used in operating activities	(26,400)	(20,335)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets acquisition	(26,484)	-
Proceeds on disposal of equipment	4,026	-
Net cash used in investing activities	(22,458)	-
CASH FLOWS USED IN FINANCING ACTIVITY		
Loans received	47,900	14,829
Loans repaid	(7,538)	-
Net cash used in financing activity	40,362	14,829
Change in cash and cash equivalents for the year	(8,496)	(5,506)
Translation adjustment	3,863	(33,914)
Cash and cash equivalents, beginning of year	8,607	48,027
Cash and cash equivalents, end of year	$ 3,974	$ 8,607

Supplemental disclosures with respect to cash flows (Note 11)

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

ALTAN RIO MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars)

	Share Capital										
	Number of Shares		Amount		Reserves		Deficit		Accumulated Other Comprehensive Loss		Total Shareholders' Deficiency
Balance at December 31, 2016	89,123,009	$	15,580,723	$	892,299	$	(14,039,097)	$	(3,117,910)	$	(683,985)
Loss for the year	-		-		-		(102,258)		-		(102,258)
Translation adjustment	-		-		-		-		(33,914)		(33,914)
Balance at December 31, 2017	89,123,009		15,580,723		892,299		(14,141,355)		(3,151,824)		(820,157)
Loss for the year	-		-		-		(47,529)		-		(47,529)
Translation adjustment	-		-		-		-		3,863		3,863
Balance at December 31, 2018	89,123,009	$	15,580,723	$	892,299	$	(14,188,884)	$	(3,147,961)	$	(863,823)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Altan Rio Minerals Limited (the "Company") is a mineral exploration company listed on the TSX Venture Exchange under the symbol "AMO" and engaged in the acquisition and exploration of exploration and evaluation assets in the Mongolia.

The Company's head office and registered and records office address is 800 - 1199 West Hastings Street, Vancouver, British Columbia, Canada V6E 3T5.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Management is actively targeting sources of additional financing through alliances with financial, development and resource entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration and evaluation programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. As at December 31, 2018, the Company had a working capital deficit of $888,929 (2017 - $820,157), shareholders' deficiency of $863,823 (2017 - $820,157), and accumulated deficit of $14,188,884 (2017 - $14,141,355).

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

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

2. BASIS OF PRESENTATION

Statement of compliance

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation. The Company's subsidiaries are listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Altan Rio Holdings Canada Limited	Canada	100%	Holding company
Altan Rio Holdings Limited	British Virgin Islands	100%	Holding company
Altan Rio Limited	British Virgin Islands	100%	Holding company
GS Minerals Corp. Ltd.	Bermuda	100%	Holding company
BraveHeart Resources LLC	Mongolia	100%	Holding company
Altan Rio Mongolia LLC	Mongolia	100%	Project exploration

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and Altan Rio Holdings Canada Limited is the Canadian dollar. The functional currency of Altan Rio Holdings Limited and Altan Rio Limited is the US dollar and the Mongolian Tugrik for Altan Rio Mongolia LLC. The functional currency determinations were conducted through an analysis of the consideration factors identified in *IAS 21, The Effects of Changes in Foreign Exchange*.

Accordingly, the accounts of the Company, Altan Rio Holdings Canada Limited, and Altan Rio Mongolia LLC are translated into US dollars as follows:

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

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

Use of estimates

Critical Judgments

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Use of estimates (cont'd…)

Key Sources of Estimation Uncertainty

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

Deferred Tax Assets & Liabilities

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

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Exploration and evaluation assets

Before legal rights to explore a property have been acquired, costs are expensed as incurred. The Company records exploration and evaluation asset interests, which consist of the right to explore for mineral deposits, at cost. The Company records deferred exploration costs, which consist of costs attributable to the exploration of exploration and evaluation asset interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these exploration and evaluation asset interests are capitalized on the basis of specific claim blocks until the exploration and evaluation asset interests to which they relate are placed into production, the exploration and evaluation asset interests are disposed of through sale or where management has determined there to be an impairment. If an exploration and evaluation asset interest is abandoned, the exploration and evaluation asset interests and deferred exploration costs will be written off to operations in the period of abandonment.

At each reporting period, capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property. In addition to considerations in accordance with IFRS 6, management also considers the following factors in assessing impairment: 1) whether the Company's exploration programs on the exploration and evaluation asset interests have significantly changed, such that previously identified resource targets are no longer being pursued; 2) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or 3) whether remaining lease terms are insufficient to conduct necessary studies or exploration work.

The recorded cost of exploration and evaluation asset interests is based on cash paid and the assigned value of share consideration issued (where shares are issued) for exploration and evaluation asset interest acquisitions and exploration costs incurred. The recorded amount may not reflect recoverable value, as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Change in accounting policies - Financial instruments

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss. As the Company has no equity securities classified as fair value through profit and loss, the change had no impact on the Company's consolidated financial statements.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

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.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/ liabilities	**Original classification IAS 39**	**New classification IFRS 9**
Cash and cash equivalents	Loans and receivables	Amortized cost
Receivables	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Change in accounting policies - Financial instruments (cont'd…)

Measurement (cont'd…)

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 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 - Revenue from contracts with customers

The new revenue standard introduces a single principles-based, five-step model for the recognition of revenue when control of goods is transferred to, or service is performed for, the customers. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. As the Company has no revenue, the adoption of IFRS 15 has no impact on the Company's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

Income taxes

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

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

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

Income (loss) per share

Basic income (loss) per share is calculated using the weighted-average number of shares outstanding during the year.

Dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Existing stock options and share purchase warrants have not been included in the computation of diluted income (loss) per share as to do so would be anti-dilutive. Accordingly, basic and diluted income (loss) per share are the same for the periods presented.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based compensation

The Company accounts for stock options granted to directors, officers and employees at the fair value of the options granted. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured.

Future reclamation costs

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of the Company's exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

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

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

Comprehensive income (loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity 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.

(Expressed in US Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards not yet adopted

IFRS 16 "Leases"

IFRS 16 will replace IAS 17 *Leases*. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Application of the standard is mandatory for annual periods beginning on or after January 1, 2019, with early application permitted. 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. Currently, these impacts are not expected to be material.

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.

4. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
Cash on deposit	$ 3,974	$ -
Liquid short-term deposit	-	8,607
Total	$ 3,974	$ 8,607

5. RECEIVABLES

The Company's receivables are broken down as follows:

	December 31, 2018	December 31, 2017
Advances receivable	$ 157	$ 161
Sales tax receivable	15,767	14,139
Total	$ 15,924	$ 14,300

(Expressed in US Dollars)

6. EXPLORATION AND EVALUATION ASSETS

		Chandman-Yol		TOTAL
December 31, 2016 and 2017	$	-	$	-
Additions		-		-
Acquisition Costs		11,150		11,150
Exploration Costs				
Geological Expenses		10,153		10,153
Rental		3,861		3,861
Professional Fees				
Insurance		1,320		1,320
Total Costs Incurred During the Year		**26,484**		**26,484**
Foreign Exchange Movements		(1,378)		(1,378)
December 31, 2018	**$**	**25,106**	**$**	**25,106**

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

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

Chandman-Yol, Mongolia

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

During the year ended December 31, 2018, the Company incurred maintenance costs of $25,106 (2017 - $Nil).

7. ADVANCE PAYABLE

Loans payable are amounts received from Verite Trust Company Limited and Monopond Limited, non-related parties and John Jones, a director of the Company (Note 8). There were no specific terms of interest or repayment on these advances and the loans are unsecured.

December 31, 2016	$	468,017
Additions		53,610
Repayments		-
December 31, 2017		521,627
Additions		47,900
Repayments		(7,538)
Foreign Exchange Movements		(3,364)
December 31, 2018	$	558,625

(Expressed in US Dollars)

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) As at December 31, 2018, the amount payable to Evan Jones, President, CEO and director of the Company was $81,240 (2017 - $81,240).

b) Paid or accrued accounting and administration services of $36,974 (2017 - $37,040) to BridgeMark Financial Corp. ("BridgeMark"), a management company controlled by an officer of the Company. At December 31, 2018, the amount payable to BridgeMark was $145,431 (2017 - $117,975).

c) At December 31, 2018, an amount of $27,230 (2017 - $13,287) was due to Altan Nevada Minerals Ltd., a company with directors and officers in common.

d) At December 31, 2018, an amount of $1,311 (2017 - $1,311) was due from John Jones, a director of the Company.

e) At December 31, 2018, an amount of $5,000 (2017 - $5,000) was due to 0809979 B.C. Ltd., a company with a common director.

f) At December 31, 2018, loans payable includes $222,208 (2017 - $190,825) owing to John Jones, a director of the Company (Note 7).

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, 2018 and 2017 are as follows:

	2018	2017
Management and consulting fees	$ 36,974	$ 37,040
	$ 36,974	$ 37,040

9. SHARE CAPITAL

Authorized share capital

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

Issued share capital

There were no shares issued during the years ended December 31, 2018 and 2017.

Share purchase and agents' warrants

There were no warrants outstanding as of December 31, 2018 and 2017.

(Expressed in US Dollars)

9. SHARE CAPITAL (cont'd…)

Stock options

The Company has established a stock option plan (the "Plan") for directors, employees, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Plan, provided that at the time of the grant, the total number of shares so reserved for issuance by the Board shall not exceed the greater of 10% of the issued and outstanding listed shares (on a non-diluted basis) as at the date of grant. Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years. All stock options issued are subject to vesting terms. Options issued to directors' vest in the amount of 33% every six months from the date of grant; and options issued to officers and/or consultants vest between 12 and 24 months depending on date of grant and nature of service.

	Number of Options	**Weighted Average Exercise Price**
Outstanding options, December 31, 2016	1,860,400	C$0.32
Expired	(895,400)	C$0.53
Outstanding options, December 31, 2017 and 2018	965,000	C$0.12

Exercise Price	**Outstanding Options December 31, 2018**	**Exercisable Options December 31, 2018**	**Average remaining Contractual Life (Year)**	**Expiry Date**
C$0.12	965,000	965,000	0.14	February 20, 2019*

*expired unexercised subsequent to year end

10. INCOME TAXES

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

		2018		2017
Loss for the year	$	(47,529)	$	(102,258)
Expected income tax (recovery)		(13,000)		(27,000)
Change in statutory, foreign tax, foreign exchange and other		(16,000)		(159,000)
Change in unrecognized deductible temporary differences		29,000		186,000
Total income tax expense	$	-	$	-

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

		2018	Expiry Date Range		2017	Expiry Date Range
Temporary Differences						
Share issue costs		-	2038 to 2041		43,000	2036 to 2038
Non-capital losses available for future period	$	3,969,000	2030 to 2038	$	3,877,000	2016 to 2037

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

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions for the years ended December 31, 2018 and 2017.

12. CAPITAL MANAGEMENT

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

There were no changes to the Company's capital management approach during the year ended December 31, 2018. The Company is not subject to any externally imposed requirements.

13. FINANCIAL INSTRUMENTS

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

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Company's cash 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 December 31, 2018, the Company has cash and cash equivalents of $3,974 (2017 - $8,607) to settle current liabilities of $911,361 (2017 - $852,386). 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.

13. FINANCIAL INSTRUMENTS (cont'd…)

Market Risk (cont'd…)

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 and Mongolian Tugrik.

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 Mongolia and is exposed to risk from changes in the Canadian dollar and the Mongolian Tugrik. A simultaneous 10% fluctuation in the Canadian dollar and Mongolian Tugrik against the US dollar would affect accumulated other comprehensive loss for the year ended December 31, 2018 by approximately $18,444 (2017 - $17,411).