**ALTAN RIO MINERALS LIMITED**

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

**June 30, 2019**
(Unaudited)

**Index**

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

The attached condensed interim consolidated financial statements for the six-month period ended June 30, 2019 have not been reviewed by the Company’s auditors.

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

| | | June 30, 2019 | | December 31, 2018 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash and cash equivalents (Note 4) | $ | 81,911 | $ | 3,974 |
| Receivables (Note 5) | | 17,837 | | 15,924 |
| Prepaid expenses and deposits | | 1,334 | | 1,223 |
| Due from related parties (Note 8) | | 1,311 | | 1,311 |
| | | 102,393 | | 22,432 |
| **Exploration and evaluation assets** (Note 6) | | 59,430 | | 25,106 |
| | | 59,430 | | 25,106 |
| | $ | 161,823 | $ | 47,538 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIENCY** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities | $ | 99,080 | $ | 93,835 |
| Advance payable (Note 7) | | 574,107 | | 558,625 |
| Due to related parties (Note 8) | | 392,690 | | 258,901 |
| | | 1,065,877 | | 911,361 |
| **Shareholders' Deficiency** | | | | |
| Share capital (Note 9) | | 15,580,723 | | 15,580,723 |
| Reserves | | 892,299 | | 892,299 |
| Deficit | | (14,228,856) | | (14,188,884) |
| Accumulated other comprehensive loss | | (3,148,220) | | (3,147,961) |
| | | (904,054) | | (863,823) |
| | $ | 161,823 | $ | 47,538 |

**Nature and continuance of operations** (Note 1)

Approved and authorized by the Board on August 29, 2019.

| | | | |
|---|---|---|---|
| *"Paul Stephen"* | Director | *"John Jones"* | Director |
| Paul Stephen | | John Jones | |

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

**ALTAN RIO MINERALS LIMITED**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Expressed in US Dollars)
(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **EXPENSES** | | | | |
| Consulting and management fees (Note 8) | $ 8,997 | $ 9,249 | $ 18,073 | $ 18,714 |
| Foreign exchange loss (gain) | 4,618 | (805) | 9,505 | (5,039) |
| Insurance | - | 1,298 | - | 2,596 |
| Office expenses | 882 | 1,473 | 2,475 | 2,542 |
| Professional fees (recovery) | (58) | - | (58) | 30 |
| Rent | 507 | 788 | 1,280 | 1,594 |
| Transfer agent and filing fees | 889 | 2,341 | 4,834 | 7,119 |
| Travel and entertainment | 1,266 | 519 | 3,865 | 935 |
| | (17,101) | (14,863) | (39,974) | (28,491) |
| Finance income | 2 | - | 2 | 4,232 |
| | 2 | - | 2 | 4,232 |
| **Net loss for the period** | (17,099) | (14,863) | (39,972) | (24,259) |
| **Translation adjustment** | 39 | 2,127 | (259) | 536 |
| **Comprehensive loss for the period** | $ (17,060) | $ (12,736) | $ (40,231) | $ (23,723) |
| **Basic and diluted loss per common share** | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.00) |
| **Weighted average number of common shares outstanding** – basic and diluted | 89,123,009 | 89,123,009 | 89,123,009 | 89,123,009 |

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

**ALTAN RIO MINERALS LIMITED**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30,
(Expressed in US Dollars)
(Unaudited)

| | 2019 | 2018 |
|---|---|---|
| **CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES** | | |
| Loss for the period | $ (39,972) | $ (24,259) |
| Item not involving cash: | | |
| Foreign exchange | 8,438 | - |
| Change in non-cash working capital items: | | |
| Receivables | (1,217) | (589) |
| Prepaid expenses and deposits | - | 2,699 |
| Accounts payable and accrued liabilities | 2,786 | (9,576) |
| Due to/from related parties | 127,205 | 27,497 |
| Net cash provided by (used in) operating activities | 97,239 | (4,228) |
| **CASH FLOWS USED IN INVESTING ACTIVITY** | | |
| Exploration and evaluation assets acquisition | (34,329) | (26,316) |
| Net cash used in investing activity | (34,329) | (26,316) |
| **CASH FLOWS PROVIDED BY FINANCING ACTIVITIES** | | |
| Loans received | 15,286 | 35,582 |
| Net cash provided by financing activities | 15,286 | 35,582 |
| **Change in cash and cash equivalents for the period** | 78,196 | 5,038 |
| **Translation adjustment** | (259) | (6,581) |
| **Cash and cash equivalents, beginning of period** | 3,974 | 8,607 |
| **Cash and cash equivalents, end of period** | $ 81,919 | $ 7,064 |

**Supplemental disclosures with respect to cash flows** (Note 10)

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

**ALTAN RIO MINERALS LIMITED**
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Expressed in US Dollars)
(Unaudited)

| | Share Capital | | | | | |
|---|---|---|---|---|---|---|
| | Number of Shares | Amount | Reserves | Deficit | Accumulated Other Comprehensive Loss | Total Shareholders' Deficiency |
| **Balance at December 31, 2017** | 89,123,009 | $ 15,580,723 | $ 892,299 | $ (14,141,355) | $ (3,151,824) | $ (820,157) |
| Loss for the period | - | - | - | (24,259) | - | (24,259) |
| Translation adjustment | - | - | - | - | 536 | 536 |
| **Balance at June 30, 2018** | 89,123,009 | $ 15,580,723 | $ 892,299 | $ (14,165,614) | $ (3,151,288) | $ (843,880) |
| **Balance at December 31, 2018** | 89,123,009 | $ 15,580,723 | $ 892,299 | $ (14,188,884) | $ (3,147,961) | $ (863,823) |
| Loss for the period | - | - | - | (39,972) | - | (39,972) |
| Translation adjustment | - | - | - | - | 259 | 1,930 |
| **Balance at June 30, 2019** | 89,123,009 | $ 15,580,723 | $ 892,299 | $ (14,228,856) | $ (3,148,220) | $ (904,054) |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

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

In accordance with TSX Venture Exchange Policy 2.5, the Company has not maintained the requirements for a TSX Venture Exchange Tier 2 company. Therefore, effective February 28, 2019, the Company's listing was transferred to the NEX, the Company's tier classification was changed from Tier 2 to the NEX, and the filing and service office was changed from Vancouver to the NEX.

As of February 28, 2019, the Company is subject to restrictions on share issuances and certain types of payments as set out in the NEX policies.

The trading symbol for the Company was changed from AMO to AMO.H. There is no change in the Company's name, no change in its Cusip number and no consolidation of capital. The symbol extension differentiates NEX symbols from Tier 1 or Tier 2 symbols within the TSX Venture Exchange market.

The Company's head office and registered and records office address is 1700-666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8.

These condensed interim 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 June 30, 2019, the Company had a working capital deficit of $963,484 (December 31, 2018 - $888,929), shareholders' deficiency of $904,054 (December 31, 2018 - $863,823), and accumulated deficit of $14,228,856 (December 31, 2018 - $14,188,884).

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 condensed interim 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").

## 2. BASIS OF PRESENTATION (cont'd…)

### Statement of compliance (cont'd…)

These condensed interim consolidated financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The condensed interim 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 |
| Altan Rio Minerals (Aust) Pty Ltd | Australia | 100% | Project exploration |

### Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and Altan Rio Holdings Canada Limited is the Canadian dollar. 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. 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, Altan Rio Minerals (Aust) Pty Ltd, 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.

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

**Use of estimates**

*Critical Judgments*

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

*Key Sources of Estimation Uncertainty*

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

*Deferred Tax Assets & Liabilities*

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

**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.

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

**Exploration and evaluation assets** (cont'd…)

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.

**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 |
| Advance payable | Other financial liabilities | Amortized cost |
| Due to related parties | Other financial liabilities | Amortized cost |

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

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

***Measurement***

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

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

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed through profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded through profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTOCI, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

***Impairment of financial assets at amortized cost***

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

***Derecognition***

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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

**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 condensed interim consolidated financial statements.

**Change in accounting policies - Leases**

IFRS 16 replaced 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. The adoption of IFRS 16 did not have a material impact on the Company's condensed interim consolidated financial statements.

**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.

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

**Income taxes** (cont'd…)

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

**Income (loss) per share**

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

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 period.

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.

**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.

(Expressed in US Dollars)

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

**Future reclamation costs** (cont'd…)

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

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

**Comprehensive income (loss)**

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

**New standards issued but not yet effective**

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

## 4. CASH AND CASH EQUIVALENTS

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| | $ 81,911 | $ 3,974 |
| Total | $ 81,911 | $ 3,974 |

## 5. RECEIVABLES

The Company's receivables are broken down as follows:

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Advances receivable | $ 157 | $ 157 |
| Sales tax receivable | 17,680 | 15,767 |
| Total | $ 17,837 | $ 15,924 |

(Expressed in US Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS

| | | Chandman-Yol | | Southern Cross | | TOTAL |
|---|---|---|---|---|---|---|
| **Balance, December 31, 2017** | **$** | **-** | **$** | **-** | **$** | **-** |
| Acquisition Costs | | 11,150 | | - | | 11,150 |
| Exploration Costs | | | | | | |
| Geological Expenses | | 10,153 | | - | | 10,153 |
| Rental | | 3,861 | | - | | 3,861 |
| Professional Fees | | | | | | |
| Insurance | | 1,320 | | - | | 1,320 |
| **Total Costs Incurred During the Year** | | **26,484** | | **-** | | **26,484** |
| Foreign Exchange Movements | | (1,378) | | - | | (1,378) |
| **Balance, December 31, 2018** | **$** | **25,106** | **$** | **-** | **$** | **25,106** |
| Acquisition Costs | | 10,572 | | - | | 10,572 |
| Exploration Costs | | | | | | |
| Geological Expenses | | 10,590 | | 7,930 | | 18,520 |
| Rental | | 3,808 | | - | | 3,808 |
| Professional Fees | | | | | | |
| Insurance | | 1,429 | | - | | 1,429 |
| **Total Costs Incurred During the Period** | | **26,399** | | **7,930** | | **34,329** |
| Foreign Exchange Movements | | (5) | | - | | (5) |
| **Balance, June 30, 2019** | **$** | **51,500** | **$** | **7,930** | **$** | **59,430** |

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 and Western Australia.

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

**Chandman-Yol, Mongolia**

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

During the six months ended June 30, 2019, the Company incurred maintenance costs of $26,399 (2018 - $26,316).

**Southern Cross Project, Australia**

Southern Cross Project (the “Project’) covers 22 kilometres of a major gold mineralising structure with strong near surface gold mineralisation and remains essentially untested below 50 metres vertical depth, limited historical deep drilling has returned ore grade intercepts of 12.1 metres grading 4.51 g/t Au. The Project is located in the +10 Million Ounce (Moz) Southern Cross Greenstone Belt within the Archaean Yilgarn Craton, approximately 360 km east of Perth and 270 km west of Kalgoorlie. The Southern Cross Greenstone Belt is an elongate NNW-trending highly deformed belt of sediments, mafic and ultramafic rocks wedged between two major granite domes.

During the six months ended June 30, 2019, the Company incurred maintenance costs of $7,930 (2018 - $Nil).

(Expressed in US Dollars)

## 7. ADVANCE PAYABLE

Advance payable are amounts received from Verite Trust Company Limited and Monopond Limited, non-related parties, John Jones, a director of the Company, Porter Street Nominees Pty Ltd, a company controlled by a director of the Company and Paul Stephen, CEO and 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, 2017 | $ | 521,627 |
| Additions | | 47,900 |
| Repayments | | (7,538) |
| Foreign Exchange Movements | | (3,364) |
| December 31, 2018 | | 558,625 |
| Additions | | 15,286 |
| Foreign Exchange Movements | | 196 |
| June 30, 2019 | $ | 574,107 |

## 8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) As at June 30, 2019, the amount payable to Evan Jones, director and former President and CEO of the Company was $81,240 (December 31, 2018 - $81,240).

b) Accrued accounting and administration services of $18,073 (2018 - $18,714) to management companies controlled by an officer of the Company. At June 30, 2019, the amount payable to the companies was $170,548 (December 31, 2018 - $145,431).

c) At June 30, 2019, an amount of $135,902 (December 31, 2018 - $27,230) was due to Altan Nevada Minerals Ltd., a company with directors and officers in common.

d) At June 30, 2019, an amount of $1,311 (December 31, 2018 - $1,311) was due from John Jones, a director of the Company.

e) At June 30, 2019, an amount of $5,000 (December 31, 2018 - $5,000) was due to 0809979 B.C. Ltd., a company with a common director.

f) At June 30, 2019, loans payable includes $7,023 (December 31, 2018 - $Nil) owing to Paul Stephen, CEO and director of the Company (Note 7).

g) At June 30, 2019, loans payable includes $198,567 (December 31, 2018 - $197,647) owing to John Jones, a director of the Company (Note 7).

h) At June 30, 2019, loan payable includes $3,512 (December 31, 2018 - $Nil) owing to Porter Street Nominees Pty Ltd, a company controlled by 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.

(Expressed in US Dollars)

## 8. RELATED PARTY TRANSACTIONS (cont'd…)

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 six months ended June 30, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|---|---|---|
| Management and consulting fees | $ 18,073 | $ 18,714 |
| | $ 18,073 | $ 18,714 |

## 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 year ended December 31, 2018.

**Share purchase and agents' warrants**

There were no warrants outstanding as of June 30, 2019 and December 31, 2018.

**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 officers and/or consultants might be subjected to a vest term depending on date of grant and nature of service.

| | **Number of Options** | **Weighted Average Exercise Price** |
|---|---|---|
| Outstanding options, December 31, 2017 and 2018 | 965,000 | C$0.12 |
| Expired | (965,000) | C$0.12 |
| Outstanding options, June 30, 2019 | - | - |

During the six months ended June 30, 2019, 965,000 stock options were expired unexercised.

## 10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions for the six months ended June 30, 2019 and 2018.

## 11. 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 six months ended June 30, 2019. The Company is not subject to any externally imposed requirements.

## 12. 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 June 30, 2019, the Company has cash and cash equivalents of $81,911 (December 31, 2018 - $3,974) to settle current liabilities of $1,065,877 (December 31, 2018 - $911,361). 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.

**12. FINANCIAL INSTRUMENTS** (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, 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 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 period ended June 30, 2019 by approximately $21,202 (2018 - $16,551).