



ARANJIN RESOURCES

ARANJIN RESOURCES LTD

(Formerly Five Star Diamonds Limited)

**Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021**
(Expressed in Canadian dollars)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Aranjin Resources Ltd. ("the Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at		September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	Notes	\$	\$
Assets			
Current assets			
Cash		918,152	481,144
Advance for new license	4	5,074	3,834
Prepays and other receivables	4	51,802	33,041
Total current assets		975,028	518,019
Non-current assets			
Deferred exploration and evaluation assets	5,6,7	4,281,052	290,440
Total non-current assets		4,281,052	290,440
Total assets		5,256,080	808,459
Liabilities			
Current liabilities			
Trade and other payables	8	954,082	715,204
Convertible debentures	9	1,408,892	-
Total current liabilities		2,362,974	715,204
Non-Current liabilities			
Convertible debentures	9	737,989	711,975
Total non-current liabilities		737,989	711,975
Total liabilities		3,100,963	1,427,179
Equity			
Share capital	10	21,842,800	18,923,609
Reserves	11,12	4,122,450	3,614,764
Accumulated other comprehensive loss		(831,835)	(955,463)
Deficit		(22,978,298)	(22,201,630)
Total equity		2,155,117	(618,720)
Total liabilities and equity		5,256,080	808,459

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

Nature of Operations and Going concern (note 1)

Approved and authorized by the Board of Directors on November 26, 2021:

Director
Matthew Wood

Director
Luis Azevedo

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Three months ended September 30, 2021 \$	Three months ended September 30, 2020 \$	Nine months ended September 30, 2021 \$	Nine months ended September 30, 2020 \$
Expenses					
Administrative expenses		(16,503)	(93)	(35,456)	(2,011)
Public company costs		(22,031)	(21,987)	(33,262)	(36,299)
Accounting, audit and tax fees		(12,250)	(22,664)	(39,490)	(97,865)
Legal fees		(4,763)	(20,733)	(40,452)	(64,277)
Consultant and director fees		(75,650)	(80,674)	(249,900)	(164,758)
Stock based compensation		-	(78,849)	-	(78,849)
Financing costs	9	(122,895)	(32,349)	(188,492)	(92,802)
Foreign exchange gain/(loss)		(575)	(100,802)	(402)	2,939
Marketing expenses		(38,500)	-	(38,500)	-
Travel and accommodation		-	625	-	(1,989)
Other expenses		(1,435)	(3,084)	(3,672)	(3,084)
Loss on warrants exercise		-	-	(148,354)	-
Gain/(loss) on debt settlement		-	-	-	96,939
Gain/(loss) on disposal of assets		-	40,525	-	(688,316)
Loss on disposal of subsidiary		-	(112,455)	-	(112,455)
Other income		292	58,495	1,312	58,495
Net loss for the period		(294,310)	(374,045)	(776,668)	(1,184,330)
Other comprehensive loss					
Exchange differences on translation of foreign operations		67,878	1,459,500	123,628	700,568
Total comprehensive gain/(loss) for the period		(226,432)	1,085,455	(653,040)	(483,762)
Loss per share					
Basic and diluted		(0.0011)	(0.0018)	(0.0034)	(0.0071)
Weighted average number of common shares outstanding – basic	13	257,280,836	208,303,575	230,564,296	166,779,676

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

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

For the Nine Months Ended		September 30, 2021	September 30, 2020
	Notes	\$	\$
Operating activities			
Net loss for the period		(776,668)	(1,184,330)
Items not involving cash:			
Financing cost	9	188,492	92,802
Stock based compensation		-	78,849
Loss on sales of subsidiary		-	112,455
Foreign exchange movement		123,628	(2,939)
Loss on write off fixed assets		-	688,316
Loss/(Gain) on debt settlement		148,354	(96,939)
Changes in non-cash working capital items			
Inventory		-	25,081
Advance for new license		(1,240)	(3,834)
Prepays and other receivables		(18,761)	(38,572)
Trade and other payables		200,851	4,382
Net cash outflow from operating activities		(135,344)	(324,729)
Investing activities			
Deferred exploration and evaluation expenditure	7	(2,490,612)	-
Net cash outflow from investing activities		(2,490,612)	-
Financing activities			
Proceeds from private placement, net of cost		-	960,989
Proceeds from borrowings		-	-
GST refund		-	43,403
Warrants exercised	12	1,322,083	-
Proceeds from convertible debenture	9	1,814,400	-
Payment of interest on convertible debentures	9	(73,519)	-
Net cash inflow from financing activities		3,062,964	1,004,392
Net increase/(decrease) in cash		437,008	679,663
Cash at the beginning of the period		481,144	10,391
Foreign Exchange variances on cash		-	728
Cash at the end of the period		918,152	690,782

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

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Reserves	Accumulated other comprehensive loss	Deficit	Total equity
		\$	\$	\$	\$	\$
Balance as at January 1, 2021	216,135,041	18,923,609	3,614,764	(955,463)	(22,201,630)	(618,720)
Shares issued for license acquisition	26,653,822	1,332,691	-	-	-	1,332,691
Shares to be issued – license acquisition	-	-	167,309	-	-	167,309
Convertible debentures	-	-	456,439	-	-	456,439
Warrants exercised	26,441,666	1,586,500	(116,062)	-	-	1,470,438
Loss for the period	-	-	-	-	(776,668)	(776,668)
Other comprehensive loss	-	-	-	123,628	-	123,628
Balance as at September 30, 2021	269,230,529	21,842,800	4,122,450	(831,835)	(22,978,298)	2,155,117
Balance as at January 1, 2020	132,764,652	17,436,099	3,525,303	(763,311)	(20,699,461)	(501,370)
Shares issued to settle debt	9,693,960	387,758	-	-	-	387,758
Private placement, net of costs	66,666,666	603,004	-	-	-	603,004
Warrants issued	-	-	312,368	-	-	312,368
Stock based compensation	-	-	78,849	-	-	78,849
Loss for the period	-	-	-	-	(1,184,330)	(1,184,330)
Other comprehensive loss	-	-	-	(700,568)	-	(700,568)
Balance as at September 30, 2020	209,125,278	18,426,861	3,916,520	(1,463,879)	(21,883,791)	(1,004,289)

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

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months ended September 30, 2021

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

On May 15, 2014, Aranjin Resources Ltd. (the "Company") (formerly Five Star Diamonds Limited), was incorporated under the laws of the British Virgin Islands.

The registered office of the Company is located at 595 Howe St, Suite 704, Vancouver, British Columbia V6C 2T5. The records of the Company are located at Suite 400, 90 Adelaide Street West, Toronto, Canada, M5H 3V9.

The Company's common shares commenced trading on the TSX-V under the symbol "STAR" on April 25, 2017. Upon the name change of the Company to Aranjin Resources Ltd, the trading symbol on the TSX-V changed to "ARJN" on June 12, 2020.

The Company is primarily engaged in the exploration and development of mineral properties in Mongolia.

The COVID-19 pandemic has resulted in significant disruption to the Company's operations during the financial year. The Company has experienced adverse impacts on license acquisitions as well as the Company's exploration program. This issue continues to impact the timing of exploration work. Preventative measures are in place to ensure the well-being of contractors and no risks were noted at the end of the reporting period. Management is monitoring the business environment as a result to ensure minimal disturbances to business operations.

These condensed interim consolidated financial statements have been prepared under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Since inception, the Company has incurred ongoing losses and had a cumulative deficit of \$22,978,298 as at September 30, 2021 (December 31, 2020: \$22,201,630). These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and repay its liabilities arising from normal business operations as they become due. These condensed interim consolidated financial statements do not reflect any adjustments, which could be material, that may be necessary if the Company is unable to continue as a going concern.

2. Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 26, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the three and nine months ended September 30, 2021 except as noted below in note 3.

Any subsequent changes to IFRS that are given effect in the Company's audited financial statements for the year ending December 31, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months ended September 30, 2021

(Expressed in Canadian Dollars)

3. New Accounting Standards Adopted

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's consolidated financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's consolidated financial statements.

4. Advance, prepaids and other receivables

	September 30, 2021	December 31, 2020
	\$	\$
Prepaid expenses	2,292	-
Sales tax receivable	49,510	33,041
Prepays and other receivables	51,802	33,041
Advance for new license	5,074	3,834

5. Acquisition of Bayan Undur Project

On October 28, 2020, the Company acquired all the issued and outstanding shares of BK Mining LLC ("BK Mining") and indirectly, all the issued and outstanding shares of Bayan Undur Resources LLC ("BU Resources"), BK Mining's wholly owned subsidiary. The acquired asset was purchased for 14 million Mongolian Tugrik (\$6,481). As BK Mining did not meet the definition of a business combination per IFRS 3, the acquisition has been accounted for as an asset acquisition, whereby the Company is considered to pay cash consideration for the net assets of BK Mining and indirectly, BU Resources at their fair value as follows:

Fair Value of net assets acquired:		October 28, 2020
Cash	\$	147
Net non-cash working capital		(283,110)
Mineral property licenses ("Bayan Undur Project")		295,495
Net assets acquired	\$	12,532

Transaction costs directly associated with the acquisition totaled \$6,051 and were capitalized as part of the transaction. The fair value of mineral property licenses was capitalized in deferred exploration and evaluation expenditures on the date of acquisition.

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months ended September 30, 2021

(Expressed in Canadian Dollars)

6. Acquisition of Sharga Project

On August 30, 2021, the Company acquired Sharga Copper Project (“Sharga Project”) through the purchase of all of the issued and outstanding equity interests in Silkroad Mining Trade LLC (“Silkroad”) that is the 100% owner of the Sharga. As consideration for the acquisition, the Company paid a total of US\$1.5 million in cash in instalments and obligated issue 30 million common shares in instalments, provided the issuance would not result in the vendor owning over 9.9% of the issued and outstanding common shares of the Company. At the closing, the Company issued 26,653,822 to the vendor representing 9.9% of the issued and outstanding common shares on an undiluted basis. The balance of 3,346,178 common shares will be issued when the issuance will not result in the vendor owning more than 9.9% of the issued and outstanding common shares. The vendor is an arm’s length party to the Company. The common shares issued pursuant to the acquisition are subject to a statutory hold period of four months and one day in accordance with applicable securities laws.

The Company assessed the purchase of Silkroad and it did not meet the definition of a business combination per IFRS 3. Therefore, the acquisition has been accounted for as an asset acquisition, whereby the Company is considered to pay cash and equity-based consideration for the net assets of Silkroad at their fair value as follows:

Fair Value of net assets acquired:	August 30, 2021
Cash	\$ 130
Net non-cash working capital	(20,844)
Mineral property licenses (“Sharga Project”)	3,593,684
Net assets acquired	\$ 3,572,970

Transaction costs directly associated with the acquisition totaled \$9,881 and were capitalized as part of the transaction. The fair value of mineral property licenses was capitalized in deferred exploration and evaluation expenditures on the date of acquisition.

7. Deferred Exploration and Evaluation Expenditure

	September 30, 2021	December 31, 2020
	\$	\$
Balance at beginning of the period	290,440	-
Expenditures incurred – Bayan Undur Project	27,695	3,887
Expenditures incurred – Sharga Project	341,621	
Bayan Undur Project	-	295,495
Sharga Project	3,572,970	-
Foreign currency adjustment	48,055	(8,942)
Balance at end of the period	4,281,052	290,440

On October 28, 2020, the Company completed the acquisition of Bayan Undur Project which comprises of four mining licenses. (Note 5)

On August 30, 2021, the Company completed the acquisition of Sharga Project, the Copper Project with one exploration license. (Note 6)

8. Trade and Other Payables

	September 30, 2021	December 31, 2020
	\$	\$
Trade and other payables	760,415	550,815
Accrued expenses	155,639	164,389
Convertible debenture interest payable	38,028	-
Trade and other payables	954,082	715,204

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months ended September 30, 2021

(Expressed in Canadian Dollars)

9. Convertible Debentures

Steppe Gold Ltd.

On August 10, 2021, the Company closed \$1,814,400 unsecured convertible debenture (“Steppe Debenture”) into escrow and on August 30, 2021, the Company issued the convertible debentures to Steppe Gold Ltd. upon receiving TSXV approval on the transaction. The proceeds of the Steppe Debenture were used to fund the cash consideration of Sharga Project acquisition. The Steppe Debenture has a term of 12 months and bears interest at a rate of 15% per annum to be accrued and paid at maturity in cash, or at the option of the Company, in common shares. The principal amount of the Steppe Debenture is convertible at any time during the term into common shares of the Company at a price of \$0.055 per share. In addition, the Company has agreed to grant the Steppe Debenture holder a 1% net smelter returns royalty over the Sharga Project.

The Steppe Debenture was determined to be compound instruments, comprising a debt and a conversion feature. As the Steppe Debenture is convertible into common shares, the liability and equity components are presented separately. The fair value of the conversion feature of Steppe Debenture was estimated based on the Black Scholes pricing model on August 10, 2021, using a risk free interest rate of 0.30% based on 1 to 3-year Canadian Government bond yields, an expected dividend yield of 0%, volatility rates of 115% based on comparable companies, and an expected life of 12 months.

The Steppe Debenture loan liability component has been subsequently measured at amortized cost using the effective interest method. The effective interest rate of the loan liability (47%) is based on the present value (principal, less conversion feature and issuance costs), future value and term.

During the nine months ended September 30, 2021, the Company has incurred accretion expense of \$88,959.

	Proceeds \$	Debt component \$	Equity component \$
Balance, August 30, 2021	1,814,400	1,357,961	456,439
Accretion expense	-	88,959	-
Interest accrued	-	(38,028)	-
Balance, September 30, 2021	1,814,400	1,408,892	456,439

R&R Venture Partners

In August 2018, the Company completed non-brokered private placement of 653 convertible debenture units (the “Convertible Debenture Units”) for \$653,000 at a price of \$1,000 per Convertible Debenture Unit with its largest shareholder, R&R Venture Partners (“R&R”), (the “Offering”). Each Convertible Debenture Unit consisted of: (i) one \$1,000 principal amount of 12% unsecured convertible debenture (a “Convertible Debenture”); and (ii) 500 Common Share purchase warrants (each, a “Warrant”) of the Company. The proceeds of the Convertible Debenture Units were used in the drilling program at Catalao and for working capital.

The Convertible Debentures bear interest from the date of closing at 12% per annum, calculated and payable quarterly in arrears on March 31, June 30, September 30 and December 31 in each year, and will mature August 2, 2023. On August 2, 2020, the date that is 24 months from the date of issuance, interest payable on the outstanding principal amount of the Convertible Debentures was capitalized and the Company started paying interest on the outstanding principal accordingly.

The Convertible Debentures are unsecured obligations of the Company and rank pari passu in right of payment of principal and interest with all other Convertible Debentures issued under the Offering. The Convertible Debentures are convertible at the option of the holder into Common Shares at any time prior to the close of business on the Maturity Date at a conversion price of \$0.20 per Common Share. Each Warrant will be exercisable to acquire one Common Share (a “Warrant Share”) at an exercise price of \$0.20 per Warrant for a period of 36 months following issuance, subject to customary adjustments in certain events.

The convertible debentures were determined to be compound instruments, comprising a debt, a conversion feature, and warrants. As the debentures are convertible into common shares, the liability and equity components are presented separately. The initial carrying amount of the financial liability was determined by discounting the stream of future payments of interest and principal at a market interest rate of 20%. Using the residual method, the carrying amount of the conversion feature and the warrants issued that were measured at fair value using the Black Scholes model is the difference between the principal amount and the initial carrying value of the financial liability. The equity component, and warrants are recorded in reserves on the statement of financial position.

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months ended September 30, 2021

(Expressed in Canadian Dollars)

9. Convertible Debentures (continued)

R&R Venture Partners (continued)

The debentures, net of the equity components and issue costs are accreted using the effective interest rate method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity.

During the nine months ended September 30, 2021, accretion expenses totaling \$99,533 (September 30, 2020 - \$92,802) were recognized in the statement of loss and comprehensive loss and \$73,519 interest expense was paid in cash to the holder of the Convertible Debentures (September 30, 2020 - \$nil).

	Proceeds \$	Debt component \$	Equity component conversion option \$	Equity component warrants \$
Balance, January 1, 2020	653,000	626,951	151,281	11,613
Accretion expense	-	125,577	-	-
Interest payments	-	(40,553)	-	-
Balance, December 31, 2020	653,000	711,975	151,281	11,613
Accretion expense	-	99,533	-	-
Interest payments	-	(73,519)	-	-
Balance, September 30, 2021	653,000	737,989	151,281	11,613

10. Share Capital

(a) Issued and paid-up capital

	Number of common shares	Amount \$
Balance, December 31, 2018 and 2019	132,764,652	17,436,099
Shares issued to settle debt (c)	16,703,723	864,764
Shares issued under private placement (d)	66,666,666	622,746
Balance, December 31, 2020	216,135,041	18,923,609
Warrants exercised (e)	26,441,666	1,586,500
Shares issued – Sharga acquisition (f)	26,653,822	1,332,691
Balance, September 30, 2021	269,230,529	21,842,800

(b) Common shares

The Company does not have authorized capital nor par value in respect of its issued capital. Common shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Common shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(c) Shares issued to settle debt

On February 25, 2020, the Company issued 9,693,960 common shares in connection with a service agreement entered into in 2018 for drilling completed on the Company's Brazilian properties. As part of the settlement, \$484,698 was transferred from reserves to share capital for amount previously recognized as shares to be issued. Additionally, amounts totaling \$64,626 were recognized in share capital and as a loss on settlement of debt in the statement of loss and comprehensive loss, representing the fair value of shares issued in excess of the original agreement.

On November 17, 2020, the Company issued a total of 7,009,763 common shares with a fair value of \$315,440 in settlement of \$700,776 owed to past and current directors and consultants, resulting in a gain on settlement of debt totaling \$385,336 included in the statement of loss and comprehensive loss for the year ended December 31, 2020.

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Notes to Condensed Interim Consolidated Financial Statements
For the Nine Months ended September 30, 2021
(Expressed in Canadian Dollars)

10. Share Capital (continued)

(d) Private placement

On June 10, 2020 and July 3, 2020, the Company completed a non-brokered private placement issuing 66,666,666 units of the Company at a price of \$0.015 per unit for gross proceeds of \$1,000,000 less cash issuance costs totaling \$84,463. Each unit is comprised of one common share of the Company and one common share purchase warrant with each warrant exercisable for one common shares at a price of \$0.05 per share for a period of 12 months from closing.

Net proceeds were allocated to common shares and warrants using the relative fair value method. The fair value of warrants was valued at \$312,368 and estimated based on the Black Scholes pricing model using a share price of \$0.015 - \$0.025, risk-free interest rate of 0.25% - 0.26%, an expected dividend yield of 0%, volatility rate of 176% - 193% and an expected useful life of 1 year.

(f) Share issuance – Sharga Project acquisition

On August 30, 2021, the Company issued 26,653,822 common shares to the vendor of Sharga Project, representing 9.9% of the issued and outstanding common shares on an undiluted basis, in accordance with the Sharga Project purchase agreement. The balance of 3,346,178 common shares will be issued when the issuance will not result in the vendor owning more than 9.9% of the issued and outstanding common shares. Issued common shares are valued at the spot market price of C\$0.05. The remaining shares to be issued was recorded as equity reserves in the condensed interim consolidated financial position.

(e) Warrants exercise

On June 15, 2021, the Company issued total of 26,441,666 common shares for the exercise of previously issued warrants on June 10 and July 3, 2020 at a price of \$0.05 per share with the cash proceeds of \$1,322,083. The fair value of the warrants was recognized using Black Scholes pricing model of \$116,062.50 has been transferred to share capital resulting in a loss of \$148,354 on warrants exercise in the consolidated statement of loss and comprehensive loss. Expired warrants value of \$176,563 has been reclassified as contributed surplus within the equity reserves.

11. Stock Options

The following table reflects the continuity of stock options for the nine months ended September 30, 2021 and for the year ended December 31, 2020:

	Number of Stock Options	Weighted Average Exercise Price \$
Balance, January 1, 2020	5,970,000	0.30
Forfeited	(870,000)	0.30
Issued – July 24, 2020	9,750,000	0.05
Balance, December 31, 2020	14,850,000	0.14
Balance, September 30, 2021	14,850,000	0.14

As at September 30, 2021, there are 14,850,000 unissued common shares under options. The details of the options are as follows:

Number of Options Outstanding	Exercise Price \$	Expiry Date	Remaining Contractual Life (years)	Number of Options Vested	Grant Date Fair Value \$
4,000,000	\$0.30	February 12, 2023	1.62	4,000,000	0.189/Option
1,100,000	\$0.30	April 25, 2023	1.82	1,100,000	0.112/Option
9,750,000	\$0.05	July 17, 2022	1.05	9,750,000	0.029/Option

On July 17, 2020, the Company granted 9,750,000 options with an exercise price of \$0.05 per common share, vesting immediately and expiring on July 17, 2022, to directors and consultants of the Company.

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months ended September 30, 2021

(Expressed in Canadian Dollars)

11. Stock Options (continued)

The fair value at grant date of options granted of \$281,534 on July 17, 2020 was determined using the Black Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.04; dividend yield - 0%; expected volatility (based on historical price data of the Company) - 163%; risk-free interest rate - 0.27%; and an expected life - 2 years. The options vested immediately and \$281,534 was expensed in the consolidated statement of loss and comprehensive loss the year ended December 31, 2020.

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

12. Warrants

The following table reflects the continuity of warrants for the nine months ended September 30, 2021 and for the year ended December 31, 2020:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, January 1, 2020	326,500	0.2
Private placement warrants - June 10, 2020	28,868,333	0.05
Private placement warrants - July 3, 2020	37,798,333	0.05
Balance, December 31, 2020	66,993,166	0.05
Exercised warrants - June 15, 2021 (Note 9(e))	(26,441,666)	0.05
Expired warrants - June 10, 2021 (Note 9(e))	(6,760,000)	0.05
Expired warrants - July 3, 2021 (Note 9(e))	(33,465,000)	0.05
Expired warrants - August 2, 2021	(326,500)	0.20
Balance, September 30, 2021	-	-

On August 2, 2021, 326,500 warrants issued to R&R Venture in relation to the long term convertible debentures were expired and the value of \$11,613 has been reclassified as contributed surplus within equity reserves.

13. Net Loss per Common Share

	September 30, 2021 \$	September 30, 2020 \$
Loss used in calculating basic and diluted loss per share	(776,668)	(1,184,330)
Weighted average number of common shares used in calculating basic and diluted loss per share:	230,564,296	166,779,676

Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

14. Related Party Disclosures

The Company's related parties include its subsidiaries and key management personnel.

During the nine months ended September 30, 2021 and 2020, management fees paid, or otherwise accrued, to key management personnel (defined as officers and directors of the Company) are shown below:

	September 30, 2021 \$	September 30, 2020 \$
Short term employee benefits	211,441	83,934
Total remuneration	211,441	83,934

Aranjin Resources Ltd (Formerly Five Star Diamonds Limited)

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months ended September 30, 2021

(Expressed in Canadian Dollars)

14. Related Party Disclosures (continued)

As at September 30, 2021 there was a payable balance to the related parties \$Nil compared to the nine months ended September 30, 2020 of \$398,864.

During the year ended December 31, 2020, the Company entered into a non-binding term sheet with Steppe Gold Ltd (“Steppe”) to sell a 50% interest in all gold contained in a prospective exploration license. As part of the agreement, Steppe advanced a non-refundable initial deposit of US\$50,000 to Aranjin. Bataa Tumur-Ochir and Matthew Wood are also directors of the board of Steppe and Jeremy South is also the CFO of Steppe. This transaction is still pending as the acquisition of the relevant license has not closed.

During the nine months ended September 30, 2021, the Company issued convertible debentures to Steppe Gold for \$1,814,400 with the term of 12 months and 15% annual interest rate. The proceed was used to pay the cash consideration of Sharga Project acquisition. There was \$88,959 of accretion expense has been recognized in the consolidated comprehensive income statement and \$38,028 interest payable was accrued in consolidated statement of financial position as at September 30, 2021.

15. Sale of Brazilian subsidiary

On July 17, 2020, the Company completed the sale of all the issued and outstanding shares of its Brazilian subsidiary, Five Star Mineracao Ltda, to a private investor group for future consideration. In connection with the divestment, the net assets of Five Star Mineracao Ltda were derecognized on the date of sale.

The total consideration payable by the purchaser is composed of a cash payment of up to \$4,000,000 plus a 1% NSR on any production at the Catalão Project, based on future sales locally or exported.

The cash payment portion of the purchase price will be due when the Catalão Project becomes operational, per below:

- \$500,000 within 6 months after start of commercial production of Altered Zone;
- \$500,000 within 12 months after start of commercial production of Altered Zone;
- \$1,000,000 within 6 months after start of commercial production of Fresh Rock;
- \$2,000,000 within 12 months after start of commercial production of Fresh Rock

As it remains undetermined whether the Company will be successful in collecting the future consideration payable and royalties, \$nil consideration has been recognized on the sale of the Company’s Brazilian subsidiary and a loss on sale of subsidiary totaling \$651,123 has been included in the statement of loss and comprehensive loss for the year ended December 31, 2020.