



ARANJIN RESOURCES

**Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022**

(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.

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

As at		September 30, 2022	December 31, 2021
	Notes	(Unaudited) \$	(Audited) \$
Assets			
Current assets			
Cash		203,300	708,742
Prepays and other receivables	4	463,970	58,108
Total current assets		667,270	766,850
Non-current assets			
Deferred exploration and evaluation assets	5	3,761,471	4,066,337
Total non-current assets		3,761,471	4,066,337
Total assets		4,428,741	4,833,187
Liabilities			
Current liabilities			
Trade and other payables	6	1,495,615	832,620
Convertible debentures	7	1,879,084	1,263,524
Promissory note	11	18,574	-
Total current liabilities		3,393,273	2,096,144
Non current liabilities			
Convertible debentures	7	-	747,576
Total non current liabilities		-	747,576
Total liabilities		3,393,273	2,843,719
Equity			
Share capital	8	21,576,262	21,576,262
Reserves	9	4,456,358	4,456,358
Accumulated other comprehensive loss		(1,128,186)	(796,257)
Deficit		(23,868,966)	(23,246,895)
Total equity		1,035,468	1,989,468
Total liabilities and equity		4,428,741	4,833,187

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 24, 2022:

Director
Matthew Wood

Director
Luis Azevedo

Aranjin Resources Ltd.

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

	Notes	Three months ended		Nine months ended	
		September 30, 2022 \$	September 30, 2021 \$	September 30, 2022 \$	September 30, 2021 \$
Expenses					
Administrative expenses		8	(16,503)	(15,634)	(35,456)
Public company costs		(13,309)	(22,031)	(30,226)	(33,262)
Accounting, audit and tax fees		(15,557)	(12,250)	(42,707)	(39,490)
Legal fees		(2,002)	(4,763)	(40,448)	(40,452)
Consultant and director fees		(71,820)	(75,650)	(220,235)	(249,900)
Financing cost	7	(299,904)	(122,895)	(934,537)	(188,492)
Foreign exchange gain (loss)		2,193	(575)	(5,318)	(402)
Advertising and marketing		(27,671)	(38,500)	(114,212)	(38,500)
Other expenses		(7,608)	(1,435)	(9,664)	(3,672)
Loss on warrants exercise		-	-	-	(148,354)
Gain on debt modification	7	790,219	-	790,219	-
Other income		289	292	691	1,312
Net income (loss) for the period		354,838	(294,310)	(622,071)	(776,668)
Other comprehensive loss					
Exchange differences on translation of foreign operations		(6,028)	67,878	(331,929)	123,628
Total comprehensive income (loss) for the period		348,810	(226,432)	(954,000)	(653,040)
Loss per share					
Basic and diluted		0.001	(0.001)	(0.002)	(0.003)
Weighted average number of common shares outstanding – basic	10	269,230,529	257,280,836	269,230,529	230,564,296

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

Aranjin Resources Ltd.**Condensed Interim Consolidated Statements of Cash Flows**
(Expressed in Canadian Dollars)

For the Nine Months Ended		September 30, 2022	September 30, 2021
	Notes	\$	\$
Operating activities			
Net loss for the period		(622,071)	(776,668)
Items not involving cash:			
Financing cost	7	861,018	114,973
Foreign exchange movement		5,490	123,628
Loss on warrant exercise		-	148,354
Gain on debt modification	7	(790,219)	-
Changes in non-cash working capital items			
Advance for new license		-	(1,240)
Prepays and other receivables		(405,862)	(18,761)
Trade and other payables		460,180	200,851
Net cash outflow from operating activities		(491,464)	(208,863)
Investing activities			
Exploration and evaluation expenditure		(32,552)	(2,490,612)
Net cash outflow from investing activities		(32,552)	(2,490,612)
Financing Activities			
Warrants exercised		-	1,322,083
Steppe debentures		-	1,814,400
Promissory note		18,574	-
Net cash outflow from investing activities		18,574	3,136,483
Net decrease in cash		(505,442)	437,008
Cash at the beginning of the period		708,742	481,144
Cash at the end of the period		203,300	918,152
Supplemental cash flow information			
Payment of interest on convertible debentures	7	73,519	73,519

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

Aranjin Resources Ltd.**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, 2022	269,230,529	21,576,262	4,456,358	(796,257)	(23,246,895)	1,989,468
Loss for the period	-	-	-	-	(622,071)	(622,071)
Other comprehensive loss	-	-	-	(331,929)	-	(331,929)
Balance as at September 30, 2022	269,230,529	21,576,262	4,456,358	(1,128,186)	(23,868,966)	1,035,468
Balance as at January 1, 2021	216,135,041	18,923,609	3,614,765	(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	4,122,451	(831,835)	(22,978,298)	2,155,117

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

Aranjin Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months ended September 30, 2022

(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 operates in the business of mining, mineral and resource exploration and development. It previously focused on exploration and development of mineral properties in Brazil. The Company is now primarily engaged in the exploration and development of mineral properties in Mongolia.

The COVID-19 pandemic continues to disrupt the Company's operations during the financial period. The Company has been experiencing challenges with license acquisitions, access to exploration sites and the pandemic and its consequences has also impacted the Company's exploration program. 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 continues to monitor 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 \$23,868,966 as at September 30, 2022 (December 31, 2021: \$23,246,895). 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 25, 2022, 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 year ended December 31, 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, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

Aranjin Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months ended September 30, 2022

(Expressed in Canadian Dollars)

3. Recent pronouncements not yet effective and that have not been adopted early

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee (“IFRIC”) that are not yet effective. The standards and amendments issued that are applicable to the Company are as follows:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. No significant impact to the Company’s financial statements is expected.

Amendments to IAS 8 – accounting policies, changes in accounting estimates and errors

The amendments to IAS 8 are applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event, or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendments effective for annual periods beginning on or after January 1, 2023, with early application permitted. No significant impact to the Company’s financial statements is expected.

Amendments to IAS 12– income taxes

The amendments to IAS 12 implement a so-called ‘comprehensive balance sheet method’ of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity’s assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a ‘probable profits’ test. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. No significant impact to the Company’s income taxes is expected.

4. Prepays and other receivables

	September 30, 2022	December 31, 2021
	\$	\$
Prepaid expenses	453,650	917
Sales tax receivable	5,646	52,072
Advance for new license	4,674	5,119
	463,970	58,108

Prepaid expenses include the exploration and evaluation expenditures related to Baavhai Uul project of \$365,190 as at nine months ended September 30, 2022 (year ended December 31, 2021: \$Nil).

Aranjin Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the Nine Months ended September 30, 2022
(Expressed in Canadian Dollars)

5. Deferred Exploration and Evaluation Expenditure

	September 30, 2022	December 31, 2021
	\$	\$
Balance at beginning of the period	4,066,337	290,440
Expenditures incurred – Bayan Undur Project	25,342	28,012
Expenditures incurred – Sharga Project	7,210	384,462
Purchase of Sharga Project	-	3,309,186
Foreign currency adjustment	(337,418)	54,237
Balance at end of the period	3,761,471	4,066,337

6. Trade and Other Payables

	September 30, 2022	December 31, 2021
	\$	\$
Trade and other payables	1,150,502	677,822
Accrued expenses	35,671	48,171
Convertible debenture interest payable	309,442	106,627
	1,495,615	832,620

7. Convertible Debentures

R&R Venture Partners

In August 2018, the Company completed a 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"). 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 (the "Maturity Date"). 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 the 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 was exercisable to acquire one Common Share at an exercise price of \$0.20 per Warrant for a period of 36 months following issuance and expired unexercised during year ended December 31, 2021.

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.

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, 2022, accretion expenses totaling \$104,682 (December 31, 2021 - \$133,895) 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 (December 31, 2021 - \$98,295).

Aranjin Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the Nine Months ended September 30, 2022
(Expressed in Canadian Dollars)

7. Convertible Debentures (continued)

R&R Venture Partners (continued)

	Proceeds \$	Debt component \$	Equity component conversion option \$	Equity component warrants \$
Balance, January 1, 2021	653,000	711,975	151,281	11,613
Accretion expense	-	133,895	-	-
Interest payments	-	(98,295)	-	-
Balance, December 31, 2021	653,000	747,575	151,281	11,613
Accretion expense	-	104,682	-	-
Interest payments	-	(73,519)	-	-
Balance, September 30, 2022	653,000	778,738	151,281	11,613

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 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 21%.

Using the residual method, the carrying amount of the conversion feature is the difference between the principal amount and the initial carrying value of the financial liability. The equity component is recorded in reserves on the statement of financial position. The debentures, net of the equity components, 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, 2022, accretion expenses totaling \$829,855 (September 30, 2021 - \$Nil) were recognized in the statement of loss and comprehensive loss. As at September 30, 2022, there was total of \$309,442 interest payable to Steppe Gold Ltd. (December 31, 2021 - \$106,627).

The maturity on this debenture has been extended to August 10, 2023, as a result there was a gain of \$790,219 on debt modification recognised in the condensed interim consolidated statement of loss and comprehensive loss as at September 30, 2022.

	Proceeds \$	Debt component \$	Equity component \$
Balance, August 30, 2021	1,814,400	1,024,181	790,219
Accretion expense	-	345,970	-
Interest accrued	-	(106,627)	-
Balance, December 31, 2021	1,814,400	1,263,524	790,219
Accretion expense	-	829,855	-
Interest accrued	-	(202,815)	-
Gain on debt modification	-	(790,219)	-
Balance, September 30, 2022	1,814,400	1,100,345	790,219

Aranjin Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the Nine Months ended September 30, 2022
(Expressed in Canadian Dollars)

8. Share Capital

(a) Issued and paid-up capital

	Number of shares	\$
Balance, December 31, 2020	216,135,041	18,923,609
Warrants exercised (c)	26,441,666	1,586,500
Shares issued – Sharga acquisition (d)	26,653,822	1,066,153
Balance, December 31, 2021	269,230,529	21,576,262
Balance, September 30, 2022	269,230,529	21,576,262

(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) 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.

(d) 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\$0.04. The remaining shares to be issued were recorded as equity reserves in the consolidated financial position.

9. Stock Options

The following table reflects the continuity of stock options for the nine months ended September 30, 2022 and year ended December 31, 2021:

Stock Options	Number of Stock Options	Weighted Average Exercise Price \$
Balance – December 31, 2020	14,850,000	0.14
Issued - July 17, 2021	1,500,000	0.01
Balance – December 31, 2021	16,350,000	0.03
Expired – July 17, 2022	(11,250,000)	0.05
Balance – September 30, 2022	5,100,000	0.3

As at September 30, 2022, there are 5,100,000 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	0.62	4,000,000	0.189/Option
1,100,000	\$0.30	April 25, 2023	0.82	1,100,000	0.112/Option

Aranjin Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the Nine Months ended September 30, 2022
(Expressed in Canadian Dollars)

10. Net Income (Loss) per Common Share

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Income (Loss) used in calculating basic and diluted loss per share	354,838	(294,310)	(622,071)	(776,668)
Weighted average number of common shares used in calculating basic and diluted loss per share:	269,230,529	257,280,836	269,230,529	230,564,296

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

11. Related Party Disclosures

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

During the three and nine months ended September 30, 2022 and 2021, management fees paid, or otherwise accrued, to key management personnel (defined as officers and directors of the Company) are shown below:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Short term employee benefits	71,820	70,650	213,859	211,441
Total remuneration	71,820	70,650	213,859	211,441

There were outstanding balances of \$140,336 owing to the management as at nine months ended September 30, 2022 compared to \$Nil owed to the management as at nine months ended September 30, 2021.

On August 30, 2021, the Company issued \$1,814,400 unsecured convertible debentures to Steppe Gold Ltd. The proceeds were used to pay the cash portion of Sharga Project acquisition consideration. The 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 debenture is convertible at any time during the term into common shares of the Company at a price of \$0.055 per share. The maturity on this debenture has been extended to August 10, 2023.

During the nine months ended September 30, 2022, accretion expenses totaling \$829,855 (September 30, 2021 - \$Nil) were recognized in the condensed interim consolidated statement of loss and comprehensive loss. As at September 30, 2022, there was total of \$309,442 interest payable balance to Steppe Gold Ltd. (December 31, 2021 - \$106,627).

On September 30, 2022, the Company reached an agreement to receive \$100,000 of loan from Ion Energy Ltd. ("Ion Energy"). The Company entered into a reciprocal exploration agreement with Ion Energy on February 1, 2022 and three of the Company's Directors also serve as Directors of Ion Energy. The loan is secured by a promissory note with no fixed repayment terms and includes interest calculated at the prime lending rate of the Royal Bank of Canada plus 1% per annum. At September 30, 2022, \$18,574 of the loan had been advanced and is included in Promissory note payable. The balance of \$81,426 was advanced on October 3, 2022.