



ARANJIN RESOURCES

**Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2023**

(Expressed in Canadian dollars, unless otherwise noted)

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, unless otherwise noted)

As at		September 30, 2023	December 31, 2022
	Notes	\$	\$
Assets			
Current assets			
Cash		411,118	117,209
Prepays and other receivables	3	44,598	65,679
Total current assets		455,716	182,888
Non-current assets			
Deferred exploration and evaluation assets	4	830,660	647,424
Total non-current assets		830,660	647,424
Total assets		1,286,376	830,312
Liabilities			
Current liabilities			
Trade and other payables	5	1,110,217	1,640,819
Convertible debentures	7	-	2,524,222
Promissory note	6	-	101,749
Total current liabilities		1,110,217	4,266,790
Total liabilities		1,110,217	4,266,790
Equity			
Share capital	8	25,297,805	21,616,647
Reserves		4,439,627	4,439,627
Warrants	9	175,219	-
Accumulated other comprehensive loss		(1,081,928)	(1,081,680)
Deficit		(28,654,564)	(28,411,072)
Total equity		176,159	(3,436,478)
Total liabilities and equity		1,286,376	830,312

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

Approved and authorized by the Board of Directors on November 27, 2023:

Director
Matthew Wood

Director
Jeremy South

Aranjin Resources Ltd.

Condensed Interim Consolidated Statements of Profit and Loss and Comprehensive Loss (Expressed in Canadian Dollars, unless otherwise noted)

	Notes	Three months ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		\$	\$	\$	\$
Expenses					
Administrative expenses		(2,581)	8	(4,110)	(15,634)
Public company costs		(16,431)	(13,309)	(29,761)	(30,226)
Accounting, audit and tax fees		(19,435)	(15,557)	(57,032)	(42,707)
Legal fees		(11,655)	(2,002)	(63,970)	(40,448)
Consultant and director fees	11	-	(71,820)	(196,913)	(220,235)
Financing cost	7	(54,937)	(299,904)	(339,078)	(934,537)
Foreign exchange loss		16,067	2,194	(583)	(5,318)
Advertising and marketing		(40,824)	(27,671)	(104,906)	(114,212)
Other expenses		(800)	(7,608)	(2,975)	(9,664)
Gain on debt modification		-	790,219	-	790,219
Other income		1,608	289	1,797	691
Gain on debt settlement		554,039	-	554,039	-
Net profit/(loss) for the period		425,051	354,838	(243,492)	(622,072)
Other comprehensive loss					
Exchange differences on translation of foreign operations		(18,987)	(6,028)	(248)	(331,929)
Total comprehensive profit/(loss) for the period		406,064	348,810	(243,740)	(954,001)
Profit/(Loss) per share					
Basic		0.001	0.001	(0.001)	(0.002)
Diluted		0.001	0.001	(0.001)	(0.002)
Weighted average number of common shares outstanding – basic	10	292,239,890	269,230,529	293,239,607	269,230,529
Weighted average number of common shares outstanding – diluted		306,674,209	270,955,529	307,673,926	275,339,097

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, unless otherwise noted)

For the nine months ended		September 30, 2023	September 30, 2022
	Notes	\$	\$
Operating activities			
Net loss for the period		(243,492)	(622,071)
Items not involving cash:			
Accretion cost	7, 8	339,078	861,018
Foreign exchange movement		11,164	5,489
Gain on debt modification		-	(790,219)
Gain on debt settlement		(554,039)	-
Changes in non-cash working capital items			
Prepays and other receivables		21,082	(405,862)
Trade and other payables		8,185	460,180
Net cash outflow from operating activities		(418,022)	(491,464)
Investing activities			
Deferred exploration and evaluation expenditure	4	(194,648)	(32,552)
Net cash outflow from investing activities		(194,648)	(32,552)
Financing activities			
Promissory note repayment	6	(100,000)	18,574
Proceeds from private placement	8	1,075,653	-
Cost of issuance - private placement	8	(69,074)	-
Net cash inflow from financing activities		906,579	18,574
Net increase/(decrease) in cash		293,909	(505,442)
Cash at the beginning of the year		117,209	708,742
Cash at the end of the period		411,118	203,300

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, unless otherwise noted)

	Note	Number of common shares	Share capital \$	Reserves \$	Warrants \$	Accumulated other comprehensive loss \$	Deficit \$	Total equity \$
Balance as of January 1, 2023		271,922,834	21,616,647	4,439,627	-	(1,081,680)	(28,411,072)	(3,436,478)
Private placement	8	53,782,668	888,411	-	187,242	-	-	1,075,653
Cost of issuance - private placement	8	-	(57,050)	-	(12,023)	-	-	(69,073)
R&R Debenture conversion	7,8	15,047,887	827,634	-	-	-	-	827,634
R&R Debenture interest settlement	7,8	1,058,712	15,881	-	-	-	-	15,881
Steppe Debenture conversion	7,8	32,989,090	1,814,400	-	-	-	-	1,814,400
Steppe Debenture interest settlement	7,8	9,883,163	148,246	-	-	-	-	148,246
Debt settlement - directors fees	8,11	2,909,090	43,636	-	-	-	-	43,636
Loss for the period		-	-	-	-	-	(243,492)	(243,492)
Other comprehensive loss		-	-	-	-	(248)	-	(248)
Balance as at September 30, 2023		387,593,444	25,297,805	4,439,627	175,219	(1,081,928)	(28,654,564)	176,159
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

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 Three and Nine Months ended September 30, 2023 (Expressed in Canadian Dollars, unless otherwise noted)

1. Nature of Operations and Going Concern

The Company was incorporated on November 14, 2012, under the Business Corporations Act (British Columbia). The registered office of the Company is located at Suite 202, 2438 Marine Drive, West Vancouver, British Columbia, V7V 1L1, Canada. The condensed interim consolidated financial statements as at and for the nine months ended September 30, 2023, comprises the Company and its subsidiaries (together referred to as the "Group"). The Company is focused on exploring, developing and acquiring base metal projects and is now primarily engaged in the exploration and development of mineral properties in Mongolia.

The consolidated annual financial statements for the year ended December 31, 2022 are available on request at the Company's registered office or from the Company's website at www.aranjinresources.com or SEDAR+ at www.sedarplus.ca.

Russian invasion of Ukraine

Mongolia is land-locked between China and Russia and on 24 February 2022, Russia invaded Ukraine. The war between the two countries continues to evolve as military activity proceeds and sanctions on Russia remain in place. The war has affected economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. Specifically for Mongolia, it imports all of its fuel from Russia. Its financial system relies on access to certain Russian banks and financial institutions, and there has been disruption in the supply of US Dollars, certain foodstuffs as well as mining equipment. As with many other countries, Mongolia has suffered from increased energy costs, higher inflation, increased interest rates and pressure on foreign currency exchange rates.

Management of the Company closely monitors the events in Ukraine, however the degree to which it may be affected by them are largely out of management's control and depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

Statement of compliance

The condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with and in compliance with IAS 34 Interim Financial Reporting.

The condensed interim consolidated financial statements do not include all of the information and disclosures required for a full set of annual financial statements and should be read in conjunction with the consolidated annual financial statements as at and for the year ended December 31, 2022.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 27, 2023.

Basis of Preparation

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements have been prepared in Canadian dollars ("CAD"), which is the Group's presentation currency. As of September 30, 2023, the functional currency was determined to be the Mongolian Tugrik for its Mongolian wholly owned subsidiaries and to be the Canadian dollar ("CAD") for Aranjin Resources Limited.

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent audited consolidated financial statements as at and for the year ended December 31, 2022.

The Group's performance

For the nine months ended September 30, 2023, the Group incurred a net loss of \$243,492 (nine months ended September 30, 2022: net loss of \$622,072) and had net cash used in operating activities of \$418,022 (nine months ended September 30, 2022: \$491,464).

Aranjin Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months ended September 30, 2023 (Expressed in Canadian Dollars, unless otherwise noted)

As at September 30, 2023, the Group had cash and cash equivalents of \$411,118 (December 31, 2022: \$117,209) and net current liabilities of \$654,501 (December 31, 2022: \$4,083,902). At September 30, 2023 the Group had a cumulative deficit of \$28,654,564 (December 31, 2022: \$28,411,072). The Company's exploration and funding efforts are focused on the Victory Nickel Project and securing a significant portfolio of exploration licenses in Australia with ready defined drill targets.

2. Significant accounting policies

Going Concern

The Group's performance 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.

However, the directors have been working to improve the Company's working capital situation and have at the time of approving the condensed interim consolidated financial statements, together with the debt restructuring and a recent successful private placement, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed interim consolidated financial statements.

The accounting policies applied by the Group in these condensed interim consolidated financial statements are consistent with those applied by the Group in its consolidated annual financial report as at and for the year ended December 31, 2022, except for the adoption of the new standards and interpretations as of January 1, 2023 noted below.

The Group has adopted all the following new and revised Standards and Interpretations issued by the IASB or IFRIC that are relevant to its operations and effective for an accounting period that begins on or after January 1, 2023:

Standards

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of January 1, 2023.

Amendments

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) Amendments to IFRS 17

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Definition of Accounting Estimates (Amendments to IAS 8)

The application of these new and revised Standards and Interpretations has had no impact on the Group's condensed interim consolidated financial statements. Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS, IFRIC, that are not yet effective. The standards and amendments issued that are applicable to the Company for annual reporting periods beginning on or after January 1, 2024, are as follows:

Aranjin Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months ended September 30, 2023 (Expressed in Canadian Dollars, unless otherwise noted)

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21) – The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. For annual reporting periods on or after January 1, 2025.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Financial risk management framework

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2022.

IFRS Sustainability Disclosure Standards

The International Sustainability Standards Board ("ISSB") of the IFRS Foundation has published IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'. The objective of IFRS S1 and S2 is to require an entity to disclose information about its sustainability and climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. Both Standards are effective from January 1, 2024, but certain transitional reliefs are available. The Company already has a sustainability reporting process in place however, the ISSB has confirmed that industry-specific disclosures are required and, in the absence of specific IFRS Sustainability Disclosure Standards, companies must consider the Sustainability Accounting Standards Board Standards to identify sustainability-related risks, opportunities and appropriate metrics. Accordingly, the directors are building capacity across the Company to perform a gap analysis, consider data reliability and environmental, social and governance risks and opportunities as well as appropriate targets, metrics and disclosure format.

3. Prepaids and other receivables

	September 30, 2023	December 31, 2022
	\$	\$
Prepaid expenses	16,495	56,443
Sales tax receivable	6,903	4,541
Advance for new license	21,200	4,695
	44,598	65,679

4. Deferred Exploration and Evaluation Expenditure

	September 30, 2023	December 31, 2022
	\$	\$
Balance at beginning of the period	647,425	4,049,606
Expenditures incurred – Bayan Undur Project	31,496	25,011
Expenditures incurred – Sharga Project	-	7,210
Expenditures incurred - Baavhai Uul Project	163,152	344,095
Loss on Sharga project write off	-	(3,445,749)
Foreign currency adjustment	(11,413)	(332,749)
Balance at end of the period	830,660	647,424

On August 30, 2021, the Company completed the acquisition of the Sharga Project, a copper project with one exploration license. The Mineral Resource and Petroleum Authority of Mongolia (MRPAM) identified a delay in the license renewal for 2022 and launched an inquiry into the license renewal. Pending the completion of the inquiry, the license has been suspended. As a result of the license suspension and the ongoing appeal process, management concluded that the recoverable amount of Sharga Project is zero as at December 31, 2022. Therefore, the Company recognized an impairment loss of \$3,445,749 in the consolidated statement of loss and comprehensive loss as at year ended December 31, 2022. There have been no further developments on this matter as of September 30, 2023.

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Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months ended September 30, 2023 (Expressed in Canadian Dollars, unless otherwise noted)

5. Trade and Other Payables

	September 30, 2023	December 31, 2022
	\$	\$
Trade and other payables	1,050,161	1,211,532
Accrued expenses	60,056	50,500
Convertible debenture interest payable	-	378,787
	<u>1,110,217</u>	<u>1,640,819</u>

6. Promissory note

The Company entered into a reciprocal exploration agreement with Lithium ION Energy Ltd. ("ION Energy"). On February 1, 2022 and three of the Company's Directors also serve as Directors of ION Energy. On September 30, 2022, the Company reached an agreement to receive a \$100,000 loan from 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. The Company fully repaid the promissory note on September 12, 2023. The Company reversed the interest expense of \$5,583 as ION Energy has written off the loan interest previously accrued on the promissory note.

Promissory note continuity table

	\$
Balance, December 31, 2021	-
Promissory note	100,000
Interest payable	1,749
Balance, December 31, 2022	101,749
Interest payable	3,834
Interest payable written off	(5,583)
Promissory note paid	(100,000)
Balance, September 30, 2023	-

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 (the "R&R 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 and for working capital.

The R&R Debenture bears interest from the date of closing (August 3, 2018) at 12% per annum, calculated and payable quarterly in arrears on March 31, June 30, September 30 and December 31 in each year, and matured on 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 R&R Debentures was added to the principal amount and the Company started paying interest on the outstanding principal accordingly.

The R&R Debentures were unsecured obligations of the Company and ranked pari passu in the right of payment of principal and interest with all other convertible debentures issued. The R&R Debentures were 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.

The R&R Debentures were determined to be compound instruments, comprising a debt, a conversion feature, and warrants. As the R&R 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 an interest rate of 20%.

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Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months ended September 30, 2023 (Expressed in Canadian Dollars, unless otherwise noted)

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 in 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, 2023, accretion expenses totaling \$89,275 (September 30, 2022 - \$104,682) were recognized in the consolidated statement of profit and loss and comprehensive loss.

On August 2, 2023, the Company settled an aggregate amount of \$885,863 of indebtedness consisting of outstanding R&R Debentures with a principal amount of \$827,634 and \$58,229 of accrued interest. The aggregate amount of indebtedness was converted into 16,106,599 common shares of the Company at a deemed issuance price of \$0.055 per common share. The Company recognized \$42,348 of gain on share-based debt settlement for accrued interest using the stock price of the issuance date of \$0.015 per share.

R&R Debentures continuity table	Proceeds	Debt component	Equity component conversion option	Equity component warrants
	\$	\$	\$	\$
Balance, December 31, 2021	653,000	750,963	151,281	11,613
Accretion expense	-	143,920	-	-
Interest payments	-	(98,295)	-	-
Balance, December 31, 2022	653,000	796,588	151,281	11,613
Accretion expense	-	89,275	-	-
Interest payable	-	(58,229)	-	-
Converted into shares	-	(827,634)	(151,281)	(11,613)
Balance, September 30, 2023	653,000	-	-	-

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. ("Steppe"), upon receiving TSX Venture Exchange (the "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 had a term of 12 months and bore 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.

The maturity date of this Steppe Debenture was extended to August 10, 2023, as a result, there was a gain of \$117,255 on debt modification recognized in the consolidated statement of loss and comprehensive loss as at December 31, 2022.

The Steppe Debenture was determined to be a compound instrument, 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, 2023, accretion expenses totaling \$251,552 (September 30, 2022 - \$829,855) were recognized in the statement of loss and comprehensive loss.

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Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months ended September 30, 2023 (Expressed in Canadian Dollars, unless otherwise noted)

The Steppe Debenture was converted into 32,989,090 common shares of the Company on August 10, 2023, and its interest payable outstanding of \$543,574 has been settled in shares resulting in the issuance of 9,883,163 common shares of the Company. The Company recognized \$395,327 of gain on share-based debt settlement using the stock price of the issuance date of \$0.015 per share.

Steppe Debentures continuity table	Proceeds	Debt component	Equity component
	\$	\$	\$
Balance, December 31, 2021	1,814,400	1,263,524	790,219
Accretion expense	-	853,525	-
Interest accrued	-	(272,160)	-
Gain on debt modification	-	(117,255)	-
Balance, December 31, 2022	1,814,400	1,727,634	790,219
Accretion expense	-	251,552	-
Interest accrued	-	(164,786)	-
Converted into shares	-	(1,814,400)	(790,219)
Balance, September 30, 2023	1,814,400	-	-

8. Share Capital

(a) Issued and paid-up capital

	Number of shares	\$
Balance, December 31, 2021	269,230,529	21,576,262
Shares issued to management (i)	2,692,305	40,385
Balance, December 31, 2022	271,922,834	21,616,647
Private placement (ii)	53,782,668	888,411
Cost of issuance - private placement (ii)	-	(57,050)
R&R Debenture conversion	15,047,887	827,634
R&R Debenture interest settlement	1,058,712	15,881
Steppe Debenture conversion	32,989,090	1,814,400
Steppe Debenture interest settlement	9,883,163	148,246
Directors' debt settlement	2,909,090	43,636
Balance, September 30, 2023	387,593,444	25,297,805

- (i) On November 21, 2022, the Company issued 2,692,305 common shares of the Company to Mr. Ali Haji as an inducement to act as President and CEO of the Company. \$40,385 of stock-based compensation was recorded based on the market price of the Company's share at the issuance date of \$0.015 per share in the consolidated statement of loss and comprehensive loss.
- (ii) On July 21, 2023, the Company completed a non-brokered private placement of 53,782,668 units of the Company ("Units") at a price of \$0.02 per Unit, for aggregate gross proceeds of \$1,075,653 (the "Offering"). Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant will be exercisable for one Share at a price of \$0.05 per Share for a period of 24 months from the closing of the Offering, provided that in the event that the daily volume weighted average closing price of the Shares on the TSXV or a recognized Canadian stock exchange equals or exceeds \$0.10 for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the Warrants by issuing a press release announcing the reduced Warrant term and in such case, the Warrants will expire on the 30th calendar day after the date such press release is issued. Net proceeds were allocated to common shares and warrants using the relative fair value method. The fair value of warrants was valued at 187,242 and estimated based on the Black Scholes pricing model using a share price of \$0.02, risk-free interest rate of 4.62%, an expected dividend yield of 0%, volatility rate of 83.4% and an expected life of 2 years.
- (iii) On August 2, 2023, the Company settled an aggregate amount of \$885,863 of indebtedness consisting of an outstanding R&R Debenture with a principal amount of \$827,634 and \$58,229 of accrued interest. The aggregate amount of indebtedness was converted into 16,106,599 common shares of the Company at a deemed issuance price of \$0.055 per common share. The Company recognized \$42,348 of gain on share-based debt settlement using the stock price of the issuance date of \$0.015 per share.

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Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months ended September 30, 2023 (Expressed in Canadian Dollars, unless otherwise noted)

- (iv) On August 10, 2023, \$1,814,400 principal amount of the outstanding convertible debenture held by Steppe was converted at a price of \$0.055 per common share resulted in the issuance of 32,989,090 common shares of the Company. The Company and Steppe have also agreed to convert accrued interest of \$543,574 on the outstanding Steppe Debentures at a price of \$0.055 per common share which resulted in the issuance of an additional 9,883,163 common shares. The Company recognized \$395,327 of gain on share-based debt settlement using the stock price of the issuance date of \$0.015 per share.
- (v) On September 27, 2023 the Company settled an aggregate of \$160,000 owing to certain directors, including a former director, through the issuance of 2,909,090 common shares of the Company at a deemed issuance price of \$0.055 per common share. The Company recognized \$116,364 of gain on debt settlement using the stock price of the issuance date of \$0.015 per share. The Company recognized \$116,364 of gain on share-based debt settlement using the stock price of the issuance date of \$0.015 per share.

(b) Common shares

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

9. Equity Reserves

Stock Options

The following table reflects the continuity of stock options for the nine months ended September 30, 2023, and year ended December 31, 2022:

	Number of Stock Options	Weighted Average Exercise Price \$
Balance – December 31, 2021	16,350,000	
Expired – July 17, 2022	(11,250,000)	0.05
Balance – December 31, 2022	5,100,000	0.3
Expired – February 12, 2023	(4,000,000)	
Expired – April 25, 2023	(1,100,000)	
Balance – September 30, 2023	-	-

Warrants

The following table reflects the continuity of warrants for the nine months ended September 30, 2023, and year ended December 31, 2022:

Warrants	Number of Warrants	Weighted Average Exercise Price \$
Balance, January 1, 2023	-	-
Private placement warrants	53,782,668	0.05
Balance, September 30, 2023	53,782,668	0.05

In relation to the non-brokered private placement closed on July 21, 2023 (Note 8), 53,782,668 warrants issued to the subscribers. Each Warrant will be exercisable for one Share at a price of \$0.05 per Share for a period of 24 months from the closing of the Offering, provided that in the event that the daily volume weighted average closing price of the Shares on the TSXV or a recognized Canadian stock exchange equals or exceeds \$0.10 for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the Warrants by issuing a press release announcing the reduced Warrant term and in such case, the Warrants will expire on the 30th calendar day after the date such press release is issued.

Net proceeds were allocated to common shares and warrants using the relative fair value method. The fair value of warrants was valued at 187,242 and estimated based on the Black Scholes pricing model using a share price of \$0.020, risk-free interest rate of 4.62%, an expected dividend yield of 0%, volatility rate of 83.4% and an expected life of 2 years. \$12,023 of cost of issuance has been allocated to the warrants.

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Notes to Condensed Interim Consolidated Financial Statements
For the Three and Nine Months ended September 30, 2023
(Expressed in Canadian Dollars, unless otherwise noted)

10. Net Profit/(Loss) per Common Share

Net Profit/(Loss) per Common Share	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Profit/(Loss) used in calculating basic and diluted profit/(loss) per share	425,051	354,838	(243,492)	(622,072)
Weighted average number of common shares used in calculating basic profit/(loss) per share:	292,239,890	269,230,529	293,239,607	269,230,529
Weighted average number of common shares used in calculating diluted profit/(loss) per share:	306,674,209	270,955,529	307,673,926	275,339,097

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, 2023, and 2022, 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, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Short term employee benefits	-	70,943	194,804	142,039
Total remuneration	-	70,943	194,804	142,039

There were outstanding balances of \$251,973 owing to the management as at September 30, 2023, compared to \$211,197 owed to the management as at year ended December 31, 2022. The Company has not paid any management fees in cash since June 2022.

On November 21, 2022, the Company issued 2,692,305 common shares of the Company to Mr. Ali Haji as an inducement to act as President and CEO of the Company. \$40,385 of stock-based compensation was recorded based on the market price of the Company's share at the issuance date of \$0.015 per share in the consolidated statement of loss and comprehensive loss.

On September 27, 2023, the Company settled an aggregate of \$160,000 owing to certain directors, including a former director, through the issuance of 2,909,090 common shares of the Company at a deemed issuance price of \$0.055 per common share. The Company recognized \$116,364 of gain on debt settlement using the stock price of the issuance date of \$0.015 per share.

On August 30, 2021, the Company issued \$1,814,400 unsecured convertible debentures to Steppe. The proceeds were used to pay the cash portion of the Sharga Project acquisition consideration. The Steppe Debenture had an original term of 12 months and carried 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 was extended to August 10, 2023.

During the nine months ended September 30, 2023, accretion expenses totaling \$251,552 (September 30, 2022 - \$829,855) were recognized in the statement of profit and loss and comprehensive loss.

On August 10, 2023, \$1,814,400 principal amount of the outstanding Steppe Debenture was converted at a price of \$0.055 per common share, which resulted in the issuance of 32,989,090 common shares of the Company. The Company and Steppe agreed to convert accrued interest of \$543,574 on the outstanding debentures at a price of \$0.055 per common share which resulted in the issuance of an additional 9,883,163 common shares. The Company recognized \$395,327 of gain on share-based debt settlement using the stock price of the issuance date of \$0.015 per share.

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Notes to Condensed Interim Consolidated Financial Statements

For the Three and Nine Months ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise noted)

On February 1, 2022, the Company entered into a reciprocal exploration agreement with ION Energy. Three of the Company's Directors also serve as Directors of ION Energy. On September 30, 2022, the Company reached an agreement to receive a \$100,000 loan from ION Energy. The loan was secured by a promissory note with no fixed repayment terms and included interest calculated at the prime lending rate of the Royal Bank of Canada plus 1% per annum. The purpose of the promissory note is to cover the expenses incurred at the Baavhai Uul project during 2022. The promissory note was repaid in full on September 12, 2023. The Company reversed the interest expense of \$5,583 as ION Energy wrote off the loan interest that was accrued on the promissory note.

12. Subsequent Events

Victory Nickel Project – Mongolia

On October 10, 2023, the Company announced that it had formalized its 80% ownership interest in the Victory Nickel Project further to the announcement on February 1, 2022, whereby the Company set out the terms for an exploration joint venture with ION Energy.

Following exploration work by both parties in 2022 and 2023, the parties agreed to formally separate their ownership of the Baavhai Uul project previously wholly owned by ION Energy. The split of the Baavhai Uul license was approved by the Mineral Resource and Petroleum Authority of Mongolia on November 6, 2023. Under the Joint Venture, Aranjin will own an effective 80% interest in the Victory Nickel project and relinquish rights to the remainder of the license comprising the Baavhai Uul project.

Australian Transaction

On October 5, 2023, the Company entered into three separate Tenements Interests Purchase and Joint Venture Agreements (the "Tenement Agreements"), with Metals of Australia Pty Ltd. ("MoA") and also with Western Wood Capital Pty Ltd. ("WWC"), whereby the Corporation will acquire an 80% interest in twelve exploration licenses (the "Australian Projects") and enter into unincorporated joint ventures with MoA and WWC to explore the Australian Projects, subject to the terms and conditions of the Tenement Agreements (the "Australian Transaction").

Upon transfer of the tenements interest to the Corporation under the Tenement Agreements, the Corporation will issue an aggregate of 40,000,000 common shares of the Company to MoA and 15,000,000 common shares to WWC, or to a nominee as directed by MoA and WWC, at a deemed issue price of \$0.02 per common share, and grant to MoA a 4% net smelter returns royalty in the Bangemall and Gawler projects and to WWC a 3% net smelter returns royalty in the Western Wood project. A review of existing technical data has commenced with drilling and geophysical programs currently being planned with the intention of commencing exploration programs in early 2024.

The completion of the Australian Transaction is subject to TSXV approval.