



# **ARANJIN RESOURCES**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023**

The following Management's Discussion & Analysis ("MD&A") of Aranjin Resources Ltd. (the "Company" or "Aranjin") for the three and nine months ended September 30, 2023 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last management's discussion & analysis, being the Management's Discussion & Analysis ("June 2023 MD&A") for the period ended June 30, 2023. This MD&A does not provide a general update to the June 2023 MD&A, or reflect any non-material events since the date of the June 2023 MD&A.

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the December 31, 2022 MD&A, consolidated financial statements of the Company for the year ended December 31, 2022 together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2023, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 27, 2023, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Aranjin common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company in Mongolia at Shangri-la office, Suite 1201, Olympic Street 19A, Ulaanbaatar 14241, Mongolia the Company's website at [www.aranjinresources.com](http://www.aranjinresources.com), or from [www.sedarplus.ca](http://www.sedarplus.ca).

### **Caution Regarding Forward-Looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company will be able to continue its business activities.	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain funding when required.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans.	The operating activities of the Company for the three and nine months ending September 30, 2023, will be consistent with the Company's current expectations.	Sufficient funds not being available; increases in costs; the Company may be unable to retain key personnel; government regulations will change in a negative manner towards exploration activities for junior mining companies.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### Description of Business

The Company was incorporated on November 14, 2012 under the Business Corporations Act (British Columbia).

The records and registered office of the Company are located at Suite 202, 2438 Marine Drive, West Vancouver, British Columbia, V7V 1L1, Canada. The Company has five subsidiaries; FSD Holdings Limited (incorporated in the British Virgin Islands), FSD Brazil Limited (incorporated in the British Virgin Islands), Aranjin Resources LLC (incorporated in Mongolia), 1030301 BC Ltd (incorporated in Canada) and Diamond Blockchain Limited (incorporated in Canada).

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.

With the divestment of the Brazil diamond interests in 2020, the Company is now primarily engaged in the exploration and development of mineral properties in Mongolia.

### Corporate Highlights

During the three and nine months ended September 30, 2023 and as at November 27, 2023, the following corporate activities had occurred.

## **Exploration update**

At the Victory Nickel Project, the Company completed a ground electromagnetic geophysical survey in June 2023, with the aim of potentially highlighting zones of increased nickel and copper sulphides.

The Victory Discovery is one of approximately 25 copper nickel discoveries on the BU Copper Project associated with ultramafic and mafic intrusive and is only the first to be followed up by 50 x 50-meter auger geochemical drill hole spacing. This type of mineralization and host lithology is typical in northern China and is host to many larger copper nickel deposits including the giant Jinchuan Deposit.

Australian consulting firm NEWEXCO, who have considerable experience in TEM and nickel sulphides, has been contracted to complete a review of the existing Victory Project data set, including the recently collected data. Recommendations and future work programs will be planned after this review.

The Company has planned a single drill hole on an interpreted porphyry copper target in the southeast of the license that has never been drilled. The target is in the centre of a large area of alteration classical to the porphyry copper style and the drill hole is testing an induced polarisation geophysical anomaly. This drill hole was planned to be completed in late 2023 and will now be delayed until early 2024 with the exploration teams efforts and funding focused on the Victory Nickel Project.

## **Private placement**

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 TSX Venture Exchange (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.

## **Board Changes and ASX dual listing plans**

In conjunction with the Company's recently announced plans to pursue a dual listing on the Australian Securities Exchange ("ASX"), announced the appointment of Peter Trow to the Board as non-executive director on August 15, 2023.

Mr. Trow is an entrepreneur and highly experienced businessman, responsible for founding and operating a number of successful commercial agricultural businesses in Australia. He previously served for 22 years in the New South Wales ("NSW") Police Force where he was largely stationed in NSW. Mr. Trow currently runs a beef breeding, trading, and trucking operation in rural NSW where he is based. Mr. Trow has a deep understanding of the environment, social and governance issues and has considerable experience in compliance and occupational health and safety.

Mr. Max Jahn, Mr. Luis Azevedo and Mr. Ali Haji resigned from the Company's Board of Directors, effective August 14, 2023.

Plans are now underway for the planned dual listing of the shares on the ASX. The Company has appointed advisers and is now working on a timeline for the next steps.

## **Debenture conversion and Debt Settlements**

On August 2, 2023, the Company settled an aggregate amount of \$885,863 of indebtedness consisting of an outstanding convertible debenture held by R&R Venture Partners 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.

On August 10, 2023, \$1,814,400 principal amount of the outstanding convertible debenture held by Steppe Gold Ltd. ("Steppe") 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 have also 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.

On September 27, 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 Offering and the debenture conversion and debt settlements should improve the Company's working capital situation.

### **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.

The Company has appointed a leading nickel specialist consulting firm in Australia, NEWEXCO, to assist in reviewing the work completed to date on the Victory nickel project and to plan ongoing work programs including additional electromagnetic geophysical programs and targeting of drill holes. An auger drilling will shortly commence with the intention of completing geochemical coverage across the Victory intrusive which hosts the known nickel copper geochemical anomaly.

Additional follow up of over 20 additional nickel and copper targets has also been completed across the Victory license. Rock chip samples have been collected and sent for analysis. Additional auger geochemical drilling across these anomalies is currently being planned and will commence on completion of the drilling program at the main Victory discovery anomaly.

### **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 licences (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 full 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.

## **Summary of Australian Assets**

### *Bangemall Project - Western Australia*

The Bangemall Project is located 800km north of Perth in the Gascoyne region of Western Australia and consists of five granted exploration licenses. The Bangemall Project covers Proterozoic rocks of the Capricorn Orogen, a belt of Archean to Proterozoic rocks, 1,000km wide and 500km long, between the Pilbara and Yilgarn Cratons. The tenements are underlain by sedimentary rocks of the Edmund and Collier Basins, the youngest sediments of the Capricorn Orogen, which host the Abra lead-silver deposit, Western Australia's largest sediment hosted base metal deposit.

### *Gawler Project - South Australia*

The Gawler Project consists of three exploration licences in South Australia, within the Precambrian Gawler Craton which hosts major base metal deposits at Olympic Dam, Prominent Hill, and Carrapateena.

Two exploration licences are located in the Campoona area of the Eyre Peninsula, approximately 250km NW of Adelaide, within a sequence of sedimentary and meta-igneous rocks. Geological mapping of the Gawler Project area has been undertaken by the SA Geological Survey which provides a useful base map.

The third Exploration Licence is located in the Mabel Creek area approximately 80km NW of Coober Pedy and 850km NNW of Adelaide. Previous exploration has shown that the area is covered by sedimentary sequences ranging from 40 to 100m deep. In 2012 AngloGold Ashanti Limited covered the area with detailed aeromagnetics identifying four high priority targets. They undertook significant ground exploration on one of the defined targets, the Coronation Bore Prospect, including ground gravity, ground magnetics, and 1,740m of diamond drilling. Three remaining untested gravity/magnetic anomalies on Mable Creek remain prospective for IOCG mineralisation.

### *Western Wood Project - New South Wales*

The Western Wood Project includes four granted exploration licences in the state of New South Wales with two licences located in the Broken Hill area and two being located in the Cobar area, both prolific mineral fields.

Exploration license 8551 covers a magnetic anomaly which is hosted in a basement of Early Palaeozoic rocks of the Thompson Orogen, which are covered by Cretaceous sediments of the Eromanga Basin. Regional water bore and stratigraphic drilling indicate depths to basement of 70m to 200m. The shape and intensity of the anomaly suggests a moderately magnetic intrusive body as the source. Cobar style base metal mineralisation is the target.

Exploration license 8552 covers a 5km long oval, NNE trending magnetic anomaly in an area of unconsolidated sand, silt and clay cover up to 100m thick. Basement geology is interpreted to be part of the Neoproterozoic to Cambrian Delamerian Orogen. The shape and intensity of the anomaly suggests a moderately magnetic intrusive body as the source.

## **Trends**

Management regularly monitors economic conditions and estimates their impact on the Company's investments and incorporates these estimates in both short-term operating and longer-term strategic decisions. During the three and nine months ended September 30, 2023, and to the date of this MD&A, equity markets in the junior resource sector, particularly the TSXV, have been very challenging. However, companies with good projects continue to access the capital markets to fund their operations.

### *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.

As discussed in previous MD&A, during 2022, the Company has been in a dispute with the Mineral Resource and Petroleum Authority of Mongolia (MRPAM) concerning the Company's Sharga licence. MRPAM identified a delay in the license renewal for 2022 and launched an inquiry into the license renewal. In the interim, the license has been suspended. A Notice of Intent to submit a Claim to Arbitration was filed with the Government of Mongolia on May 25, 2023. There have been no further developments on this matter.

Apart from these factors and the risk factors noted under the heading "Risk Factors" below, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

### Selected Consolidated Quarterly Information

To date, the Company has not earned any revenues from its mining properties and is in the exploration and development stage. The ability to ensure continuing operations is dependent on the discovery of economically recoverable reserves, confirmation of its interest in the underlying mineral claims, and its ability to obtain necessary financing to complete the exploration activities, development and advance to production.

The Company is providing the following selected quarterly information with respect to the Company's financial statements for the quarter ended September 30, 2023 and the seven preceding quarters. The financial statements for these periods were prepared in accordance with IFRS and are expressed in Canadian dollars.

	Quarter ended			
	Sep-30	Jun-30	Mar-31	Dec-31
	2023	2023	2023	2022
	(Q3)	(Q2)	(Q1)	(Q4)
Net income/(loss)	425,051	(364,991)	(303,551)	(4,508,240)
Income/(Loss) per share, basic	0.0015	(0.0013)	(0.0011)	(0.0145)
Working capital	(654,501)	(4,793,182)	(4,371,258)	(4,083,902)
Total assets	1,286,376	846,806	757,524	830,312
Shareholders' equity	176,159	(4,044,629)	(3,742,926)	(3,436,478)
Avg. number of shares outstanding	292,239,890	271,922,834	271,922,834	270,430,361

	Quarter ended			
	Sep-30	Jun-30	Mar-31	Dec-31
	2022	2022	2022	2021
	(Q3)	(Q2)	(Q1)	(Q4)
Net loss	354,838	(318,781)	(443,905)	(308,719)
Income/(Loss) per share, basic	(0.0013)	(0.0011)	(0.0021)	(0.0011)
Working capital	(2,726,004)	(1,329,294)	(1,749,017)	(1,359,769)
Total assets	4,428,741	4,833,187	4,516,106	4,808,531
Shareholders' equity	1,035,468	1,989,468	1,333,273	1,938,873
Avg. number of shares outstanding	293,239,529	269,230,529	269,230,529	239,678,622

### Financial Highlights

The following tables set forth selected unaudited condensed interim consolidated financial information of the Company as at three and nine months ended September 30, 2023, and 2022. Financial information for the year ended December 31, 2022, has been audited.

This financial information is derived from, and should be read in conjunction with, the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2023, and 2022 and the notes thereto.

Financial information presented below is prepared in accordance with accounting policies and IFRS unless otherwise stated.

### **Balance sheet review**

	As at	
	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Total Assets	1,286,376	830,312
Cash	411,118	117,209
Current Liabilities	(1,110,217)	(4,266,790)
Total Liabilities	(1,110,217)	(4,266,790)
Shareholders' Equity	176,159	(3,436,478)

As at September 30, 2023, the Company's total assets were \$1,286,376 (December 31, 2022: \$830,312), mainly comprising of cash balance of \$411,118 (December 31, 2022: \$117,209) and deferred exploration and evaluation expenditures related to the Bayan Undur Project and Baavhai Uul Project of \$830,660 (December 31, 2022: \$647,425).

Key movements in the balance sheet are as follows:

- The increase in assets mainly resulted from the proceeds of \$1,075,653 for the private placement closed on July 21, 2023, and capitalized expenditures related to Baavhai Uul Project and Bayan Undur Project, offset by the cash payments made to mainly exploration and evaluation suppliers and repayment of the Promissory note of \$100,000.
- A decrease in current liabilities mainly driven by the conversion of the Steppe (principal amount of \$1,814,400 and interest payable of \$543,574) and R&R Venture Partners (principal amount of \$827,634 and interest payable of \$58,229 debentures into common shares of the Company and cash repayment of the Promissory note of \$100,000 during the period.

### **Income statement review**

	Three months ended		Nine months ended	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net profit (loss)	425,051	354,838	(243,492)	(622,071)

#### **Three months ended September 30, 2023, compared to three months ended September 30, 2022**

During the three months ended September 30, 2023, the Company generated a net income of \$425,051 (three months ended September 30, 2022: \$354,838). The income for the three months ended September 30, 2023, include the following material items:

- A gain of \$554,039 (three months ended September 30, 2022: \$Nil) has been recognised on share-based debt settlements of certain directors' fees for the previous periods and Steppe and R&R Debentures' outstanding interest payables.
- The Company recognised financing costs of \$54,937 (three months ended September 30, 2022: \$299,904) comprising accretion expenses related to convertible debentures issued to Steppe and R&R Venture Partners.
- Advertising and marketing expenses of \$40,824 (three months ended September 30, 2022: \$27,671) recorded in the three months ended September 30, 2023.
- There were consultant and director fees of \$Nil (three months ended September 30, 2022: \$71,820). The decrease in 2023 is related to the decision to cease accrual management fees starting from July 1, 2023. The Company has not paid any management fees in cash since June 2022.

## **Nine months ended September 30, 2023, compared to nine months ended September 30, 2022**

During the nine months ended September 30, 2023, the Company incurred a net loss of \$243,492 (nine months ended September 30, 2022: \$622,071). The expenses for the nine months ended September 30, 2023, include the following material items:

- A gain of \$554,039 (nine months ended September 30, 2022: \$Nil) has been recognised on share-based debt settlements of certain directors' fees for the previous periods and Steppe and R&R convertible debentures' outstanding interest payables.
- The Company recognised financing costs of \$339,078 (nine months ended September 30, 2022: \$934,537) comprising accretion expenses related to convertible debentures issued to Steppe and R&R Venture Partners. The substantial amount of financing cost in 2022 was due to the accretion expenses related to the Steppe convertible debentures that were issued on August 10, 2021 with a maturity date of August 10, 2022. After the extension in August 2022, the value of the convertible debentures was updated, and the accretion expenses lowered according to the valuation.
- There were consultant and director fees accrued of \$196,913 (nine months ended September 30, 2022: \$220,235).
- Advertising and marketing expenses of \$104,906 (nine months ended September 30, 2022: \$114,212).

### **Cash Flow**

Net cash used in operating activities for the nine months ended September 30, 2023, was \$418,022 (nine months ended September 30, 2022: \$491,464). Operating activities were mostly affected by payments to the suppliers and interest payments to R&R Venture.

Net cash used in investing activities during the nine months ended September 30, 2023, was \$194,648 comprising of exploration and evaluation expenses for Bayan Undur and Baavhai Uul projects (nine months ended September 30, 2022: \$32,552 net cash outflow).

Net cash generated from financing activities was \$906,579 for the nine months ended September 30, 2023 (nine months ended September 30, 2022: \$18,574) as the Company closed its non-brokered private placement with gross proceeds of \$1,075,653 on July 21, 2023, net of issuance costs of \$69,073. The Company repaid the Promissory note of \$100,000 during the nine months ended September 30, 2023.

### **Liquidity and Financial Position**

The activities of the Company, principally the acquisition and exploration of prospective mineral properties are financed through the completion of equity transactions such as equity offerings, loans and the exercise of warrants and stock options. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Risk Factors" below.

The Company has no operating revenues and therefore must utilize its current cash reserves, funds obtained from the issuance of share capital, exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing operating activities. As of September 30, 2023, the Company had 387,593,444 common shares issued and outstanding.

The current liabilities decreased to \$1,110,217 as at September 30, 2023, compared to \$4,266,790 as at December 31, 2022 due to conversions of the convertible debentures issued to Steppe of \$1,814,400 and R&R Venture of \$827,634, share-based debt settlements of management fees of \$160,000 and accrued interest payables on debentures of \$601,803 and full repayment of the Promissory note of \$100,000.

The Company's cash balance of \$411,118 as at September 30, 2023 is not sufficient to pay the current liabilities. On July 21, the Company completed a non-brokered private placement by issuing 53,782,668 units of the Company at a price of \$0.02 per Unit, for aggregate gross proceeds of \$1,075,653. The Company used the proceeds to repay exploration accounts payable, promissory note payable and for expenses related to Victory Nickel Project license transfer.

As at September 30, 2023, the Company had a working capital deficit of \$654,501, compared to working capital deficit of

\$4,083,902 in the prior year, an increase in working capital of \$3,429,401. The Company had cash and cash equivalents of \$411,118 as at September 30, 2023, compared to \$117,209 as at year ended December 31, 2022, an increase of \$293,909. The increase in working capital was mainly due to the conversions of the Steppe Debentures of \$1,814,400 and R&R Debentures of \$827,634 into common shares of the Company and share based settlements of the interest payables on the convertible debts of \$601,803, management fees payable of \$160,000 and the promissory note repayment of \$100,000.

The Company has reviewed its discretionary administrative overhead for the following twelve months and anticipates the requirement to be approximately \$0.2 million, subject to any financing completed during the year. In addition, the Company estimates the exploration work programs at its projects to cost approximately \$0.3 million.

The Company will continue to monitor its working capital requirements closely to ensure the Company meets its commitments and continues to move forward on development. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company. See "Risk Factors" below and "Forward Looking Statements" above.

The following liquidity and financing measures have been undertaken to manage the Company's working capital and funding requirements.

#### *Debt for Equity Settlement*

On August 2, 2023, the Company settled \$58,229 of accrued interest of convertible debenture held by R&R Venture Partners by issuing 1,058,709 common shares of the Company at a deemed issuance price of \$0.055 per common share.

On August 10, 2023, 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.

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.

#### *Additional Financing & Convertible Debenture Units*

On September 30, 2022, the Company reached an agreement to receive a loan of \$100,000 (the "Promissory note") from Lithium Ion Energy Ltd. ("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 main purpose of the promissory note was to cover the expenses incurred at the Baavhai Uul project during 2022. The Company fully repaid the promissory note on September 12, 2023. The Company reversed the interest expense of \$5,583 as per ION Energy has written off the loan interest previously accrued on the promissory note.

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 approximately \$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 TSX Venture Exchange (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.

On August 2, 2023, the Company settled an aggregate amount of \$885,863 of indebtedness consisting of an outstanding convertible debenture held by R&R Venture Partners 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.

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.

### **Related Party Transactions**

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties). The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

Related parties include members of the board of directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Mr. Matthew Wood, Chairman and Director - fees of \$38,352 were accrued for the nine months ended September 30, 2023 (September 30, 2022: \$57,430). There was \$62,361 of an outstanding balance owing to Mr. Wood as at September 30, 2023 (December 31, 2022: \$58,524). During the nine months ended September 30, 2023, director fees of \$37,500 has been settled in shares by issuing 681,818 common shares of the Company at the deemed issuance prices of \$0.055 per share.

Mr. Ali Haji, former Chief Executive Officer and Director - fees of \$50,000 were accrued for the nine months ended September 30, 2023 (September 30, 2022: \$Nil). There was \$35,000 of an outstanding balance owing to Mr. Haji as at September 30, 2023 (December 31, 2022: \$Nil). During the nine months ended September 30, 2023, director fees of \$15,000 has been settled in shares by issuing 272,727 common shares of the Company at the deemed issuance prices of \$0.055 per share. Mr. Ali Haji resigned from the board effective August 14, 2023.

Mr. Jeremy South, Chief Financial Officer and Director - fees are accrued to Helston Capital Corp, a personal services company of which Mr. South is a Director. Helston Capital Corp director fees of \$42,000 were accrued for the nine months ended September 30, 2023 (September 30, 2022: \$63,000). There was \$72,750 outstanding balance owing to Mr. South as at September 30, 2023 (December 31, 2022: \$66,150). During the nine months ended September 30, 2023, director fees of \$37,500 have been settled in shares by issuing 681,818 common shares of the Company at the deemed issuance prices of \$0.055 per share.

Mr. Bataa Tumur-Ochir, Director - fees of \$38,352 were accrued for the nine months ended September 30, 2023 (September 30, 2022: \$57,430). There was \$62,361 outstanding balance owing to Mr. Tumur-Ochir as at September 30, 2023 (December 31, 2022: \$58,524). During the nine months ended September 30, 2023, director fees of \$37,500 has been settled in shares by issuing 681,818 common shares of the Company at the deemed issuance prices of \$0.055 per share.

Ms. Solongo Gunsendorj, Director - fees of \$24,000 were accrued for the nine months ended September 30, 2023 (September 30, 2022: \$36,000). There was \$19,500 outstanding balance owing to Ms. Gunsendorj as at September 30, 2023 (December 31, 2022: \$28,000). During the nine months ended September 30, 2023, director fees of \$37,500 has been settled in shares by issuing 681,818 common shares of the Company at the deemed issuance prices of \$0.055 per share.

On September 30, 2022, the Company reached an agreement to receive a \$100,000 loan from ION Energy. The Company also entered into a reciprocal exploration agreement with ION Energy on February 1, 2022. 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 purpose of the promissory note is to cover the expenses incurred at the Baavhai Uul project during 2022. The

promissory note was paid in full on September 12, 2023. The Company reversed the interest expense of \$5,583 as per ION Energy has written off the loan interest that were accrued on the promissory note. Two of the Company's Directors also serve as Directors of ION Energy.

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 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.

### **Outlook**

The Company has restarted its exploration program at the Victory Nickel Project which will be the main focus for the near term. It has further plans for drilling at the Bayan Undur project.

With the announcement of the Australian Transaction, the Company has demonstrated its desire for new licence acquisitions that fit well with the battery metal focus of Aranjin Resources.

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the market will be favourable, and hence it may be possible to obtain additional funding for its projects.

Notwithstanding, the Company is mindful that the market could fall with little or no warning. Accordingly, its plans for the near term are to recommence drilling programs at its projects once funding is secured. See "Risk Factors".

### **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and

ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Risks and Uncertainties**

The exploration, development and mining of mineral resources are highly speculative in nature and are subject to significant risks. In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered by prospective investors. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

### **Development Stage Company and Exploration Risks**

The Company is a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in Mongolia. The Company's properties have no established mineral reserves. There is no assurance that any of the Company's projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. The exploration and development of mineral deposits involves a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected by a number of factors. Substantial expenditures are required to establish mineral reserves that are sufficient to support commercial mining operations and to construct, complete and install mining and processing facilities on those properties that are actually developed.

### **Commodity Markets**

The price of the Company's securities, its financial results, and its access to the capital required to finance its exploration activities may in the future be adversely affected by declines in the price of precious and base metals. Precious metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, and international political and economic trends, conditions and events. If these or other factors adversely affect the price of the precious and base metals that are the subject of the Company's exploration efforts, the market price of the Company's securities may decline.

### **Market Fluctuation and Commercial Quantities**

The market for minerals is influenced by many factors beyond the Company's control, including without limitation the supply and demand for minerals. In addition, the metals industry in general is intensely competitive and there is no assurance that, even if apparently commercial quantities and qualities of metals (such as copper) are discovered, a market will exist for their profitable sale. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control, including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure, the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, and environmental protection. It is impossible to assess with

certainly the impact of various factors that may affect commercial viability such that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital or having its mineral projects be rendered uneconomic.

#### Option and Joint Venture Agreements

The Company has and may continue to enter into option agreements and/or joint ventures as a means of acquiring property interests. Any failure of any partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations could have a material adverse effect on the Company's rights under such agreements. Furthermore, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying mineral claims.

#### Property Titles

The Company's mineral property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects. The Company may also experience challenges in effecting the transfer of title to certain of its mineral properties. There may be valid challenges to the title of the mineral property interests which, if successful, could impair development and/or operations.

#### Financing Risks

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of the Company's properties may be dependent upon its ability to obtain financing through equity or debt, and although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's projects.

#### Mining Risks and Insurance

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

#### Government Regulations, Permitting and Taxation

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its activities, its various licences and permits must be obtained and kept current. There is no guarantee that the Company's licences and permits will be granted, or that once granted will be extended. In addition, the terms and conditions of such licences

or permits could be changed and there can be no assurances that any application to renew any existing licences will be approved. There can be no assurance that all permits that the Company requires will be obtainable on reasonable terms, or at all. Delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse impact on the Company. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and licences that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions. Future taxation of mining operators cannot be predicted with certainty so planning must be undertaken using present conditions and best estimates of any potential future changes.

#### Health, Safety and Community Relations

The Company's operations are subject to various health and safety laws and regulations that impose various duties on the Company's operations relating to, among other things, worker safety and obligations in respect of surrounding communities. These laws and regulations also grant the relevant authorities broad powers to, among other things, close unsafe operations and order corrective action relating to health and safety matters. The costs associated with the compliance with such health and safety laws and regulations may be substantial and any amendments to such laws and regulations, or more stringent implementation thereof, could cause additional expenditure or impose restrictions on, or suspensions of, the Company's operations.

The Company has made, and expects to make in the future, significant expenditure to comply with the extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species, and, to the extent reasonably practicable, to create social and economic benefit in the surrounding communities near the Company's mineral properties.

#### Environmental Protection

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds. There is also a risk that environmental and other laws and regulations may become more onerous, making it more costly for the Company to remain in compliance with such laws and regulations.

#### Reliance on Key Personnel

The Company's development to date has largely depended and in the future will continue to depend on the efforts of key management and other key personnel. Loss of any of these people, particularly to competitors, could have a material adverse effect on the Company's business. Further, with respect to future development of the Company's projects, it may become necessary to attract both international and local personnel for such development. The marketplace for key skilled personnel is becoming more competitive, which means the cost of hiring, training and retaining such personnel may increase. Factors outside the Company's control, including competition for human capital and the high level of technical expertise and experience required to execute this development, will affect the Company's ability to employ the specific personnel required. The failure to retain or attract a sufficient number of key skilled personnel could have a material adverse effect on the Company's business, results of operations and financial condition. The Company has not taken out and does not intend to take out 'key person' insurance in respect of any directors, officers or other employees.

#### Competitive Industry Environment

The mining industry is highly competitive, both domestically and internationally. The Company's ability to acquire properties and develop mineral reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for mineral exploration, of which there is a limited supply. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other companies, many of which have greater financial resources, operational experience and technical capabilities than the

Company. The Company may also encounter competition from other mining companies in its efforts to hire experienced mining professionals. Competition could adversely affect the Company's ability to attract necessary funding or acquire suitable producing properties or prospects for mineral exploration in the future. Competition for services and equipment could result in delays if such services or equipment cannot be obtained in a timely manner due to inadequate availability, and could also cause scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project development, exploration or construction costs and result in project delays.

#### Global Financial Conditions

Global financial conditions may be volatile and limit access to public financing, particularly for junior mineral exploration companies, has been negatively impacted. These conditions may affect the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company or at all.

#### Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

#### Public Company Obligations

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of non-compliance, which could have a material adverse impact on the Company's share price. The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX Venture Exchange, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. The Company's efforts to comply with rules and obligations could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities.

#### Foreign Legal and Political Matters in Mongolia

Mongolia is an emerging jurisdiction and may be subject to risks including political unrest, corruption, civil disturbances and conflicts, terrorist actions, arbitrary changes in law or policies, changes to government regulation, foreign taxation, price and currency controls, delays in obtaining or the inability to obtain necessary governmental permits, limitations on foreign ownership, limitations on the repatriation of earnings and increased financing costs.

#### Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings in Canada and Mongolia, with or without merit. While the Company is not currently involved in litigation materially impacting the Company, this may change at any time due to a change in circumstances, fact or law.

#### Cyber Security Threats

Information systems and other technologies, including those related to the Company's financial and operational management, are an integral part of the Company's business activities. Network and systems-related events, such as computer hacking, cyber-attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious attacks, or any combination of the foregoing, or power outages, natural disasters, terrorist attacks or other similar events, could result in damage to the Company's property, equipment and data. These events also could result in significant expenditures to repair or replace damaged property or information systems and/or to protect them from similar events in the future. Further any security breaches, such as misappropriation, misuse, leakage, falsification or accidental releases or losses of information maintained in the Company's information technology systems, including personnel

and other data, could damage its reputation and require the Company to expend significant capital and other resources to remedy any such security breach. Insurance maintained by the Company against losses resulting from such events or security breaches may not be sufficient to cover any consequent losses or otherwise adequately compensate the Company for any disruptions to its business that may result, and the occurrence of any such events or security breaches could have a material adverse effect on the business of the Company. There can be no assurance that these events and security breaches will not occur in the future or not have an adverse effect on the business of the Company.

#### Climate Change

The Company is subject to evolving climate change legislation that may increase both compliance costs and the risks of non-compliance. New and/or future climate change legislation may affect our ability to continue to operate as currently operated or planned to be operated. The Company is managing potential exposure by actively investigating energy sources and equipment that utilize less carbon input than traditional mining activities. As these technologies are available, the Company intends to be proactive in their adoption.